

EuroProp (EMC) S.A. (Compartment 1)

(Incorporated with limited liability as a société anonyme under the laws of Luxembourg with its registered office at 7, Val Ste Croix, L-1371 Luxembourg (registered number RCS Luxembourg B-117348))

€485,500,000 Class A Mortgage Backed Floating Rate Notes due 2013
Issue price 100 per cent.
€50,000 Class X Mortgage Backed Variable Rate Notes due 2013
Issue price 100 per cent.
€55,000,000 Class B Mortgage Backed Floating Rate Notes due 2013
Issue price 100 per cent.
€37,800,000 Class C Mortgage Backed Floating Rate Notes due 2013
Issue price 100 per cent.
€41,000,000 Class D Mortgage Backed Floating Rate Notes due 2013
Issue price 100 per cent.
€21,200,000 Class E Mortgage Backed Floating Rate Notes due 2013
Issue price 100 per cent.
€8,000,000 Class F Mortgage Backed Floating Rate Notes due 2013
Issue price 100 per cent.

EuroProp (EMC) S.A. (the "Issuer") is a securitisation company within the meaning of and governed by the Luxembourg law of 22 March 2004 on securitisation (the "Securitisation Law"). The Notes (as defined below) are issued by the Issuer acting in respect of its Compartment 1 (as described further herein). The Issuer will issue the €485,500,000 Class A Mortgage Backed Floating Rate Notes due 2013 (the "Class A Notes"), the €50,000 Class X Mortgage Backed Variable Rate Notes due 2013 (the "Class X Notes"), the €55,000,000 Class B Mortgage Backed Floating Rate Notes due 2013 (the "Class B Notes"), the €37,800,000 Class C Mortgage Backed Floating Rate Notes due 2013 (the "Class C Notes"), the €41,000,000 Class D Mortgage Backed Floating Rate Notes due 2013 (the "Class D Notes"), the €21,200,000 Class E Mortgage Backed Floating Rate Notes due 2013 (the "Class E Notes"), the €8,000,000 Class F Mortgage Backed Floating Rate Notes due 2013 (the "Class F Notes" and, together with the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "Rated Notes"), the €5,500,000 Class R Floating Rate Notes due 2013 (the "Class R Notes" and, together with the Rated Notes, the "Notes") on the Issue Date. Interest on the Notes will be payable in arrear on the 30th day of each January, April, July and October (subject to adjustment for non-business days) (each an "Interest Payment Date"), commencing on the Interest Payment Date falling in October 2006.

The Issuer will apply the gross proceeds of issue of the Rated Notes (other than the Class X Notes) to purchase, directly or indirectly, at their principal amount outstanding (plus accrued interest through a residual consideration mechanism) interests in eight commercial mortgage loans (each a "Loan" and together, the "Loans") and the benefit of any related security (the "Related Security") made by Citibank International plc (including its Portuguese branch) or Citibank, N.A., London Branch as the case may be, pursuant to certain credit agreements (each a "Credit Agreement") which are secured by, among other things, commercial properties situated in Belgium, France, Germany, Portugal and Sweden (each a "Property" and together, the "Properties").

The interest rates applicable to the Notes from time to time will be determined by reference to the European Inter-bank Offered Rate ("EURIBOR") for three month deposits ("Note EURIBOR") plus a margin as set out in the table below. The Class X Notes will bear interest at a variable rate of interest.

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
Margin	0.21% p.a.	0.30% p.a.	0.50% p.a.	0.95% p.a.	1.375% p.a.	3.50% p.a.

This prospectus constitutes a Prospectus for the purpose of Directive 2003/71/EC (the "Prospectus Directive").

Application has been made to the Irish Financial Services Regulatory Authority ("IFSRA"), as competent authority under 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 Rated Notes to be admitted to the Official List of the Irish Stock Exchange and traded on its regulated market. Approval by the IFSRA relates only to the Rated Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any member state of the European Economic Area.

If any withholding or deduction for or on account of tax is applicable to the Notes, payments 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.

Unless previously redeemed in full, each class of Notes will mature on the Interest Payment Date falling in April 2013 (the "Final Maturity Date"). The Notes will be subject to mandatory redemption and/or optional redemption either in whole or in part before that date in the circumstances, and subject to the conditions, described in the terms and conditions of the Notes (the "Conditions").

The Notes will be limited recourse obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person or entity. It should be noted in particular, that the Notes will only be capable of being satisfied and discharged from the assets of Compartment 1 of the Issuer and not from any other Compartment (as defined herein) of the Issuer or from any other assets of the Issuer.

The Class A Notes are expected, on issue, to be assigned an AAA rating by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and an AAA rating by Fitch Ratings Ltd ("Fitch") (together, the "Rating Agencies"). The Class X Notes are expected, on issue to be assigned an AAA rating by S&P and an AAA rating by Fitch. The Class B Notes are expected, on issue, to be assigned an AA rating by S&P and an AA rating by Fitch. The Class C Notes are expected, on issue, to be assigned an A rating by S&P and an A rating by Fitch. The Class D Notes are expected, on issue, to be assigned a BBB rating by S&P and a BBB rating by Fitch. The Class E Notes are expected, on issue, to be assigned a BBB- rating by S&P and a BBB- rating by Fitch. The Class F Notes are expected, on issue, to be assigned a BB rating by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The Class R Notes will not be rated.

Each class of Rated Notes will be represented initially by a temporary global note in bearer form, without coupons or talons (each a "Temporary Global Note"), which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg on or about 31 July 2006 (or such later date as may be agreed between the Issuer, the Managers and the Trustee) (the "Issue Date"). Each Temporary Global Note will be exchangeable not earlier than 40 days after the Issue Date (provided that certification of non-U.S. beneficial ownership has been received) for interests in a permanent global note in bearer form, without coupons or talons, for the relevant class (each a "Permanent Global Note" and, together with each Temporary Global Note, the "Global Notes"). The Permanent Global Notes will also be deposited with the common depositary. Save in certain limited circumstances set out in the Conditions, Rated Notes in definitive form will not be issued. The Class R Notes will be in registered form.

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

Lead Manager
Citigroup

Co-Managers (in respect of the Class A Notes only)

HBOS Treasury Services plc

Lloyds TSB

The date of this Prospectus is 25 July 2006



Sunrise



Nawon



Elancourt



Bastuban

This prospectus (the “Prospectus”) comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”).

THE NOTES WILL BE LIMITED RECOURSE OBLIGATIONS OF THE ISSUER ONLY AND WILL NOT BE GUARANTEED BY, OR BE THE RESPONSIBILITY OF, ANY OTHER PERSON OR ENTITY. IT SHOULD BE NOTED IN PARTICULAR, THAT THE NOTES WILL ONLY BE CAPABLE OF BEING SATISFIED AND DISCHARGED FROM THE ASSETS OF COMPARTMENT 1 OF THE ISSUER AND NOT FROM ANY OTHER COMPARTMENT OF THE ISSUER OR FROM ANY OTHER ASSETS OF THE ISSUER. THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS SOLELY OF THE ISSUER AND WILL NOT BE THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OTHER ENTITY. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, OR GUARANTEED BY, THE FINANCE PARTIES (OTHER THAN THE ISSUER), THE TRUSTEE, THE MANAGERS, THE SWAP COUNTERPARTY, THE PAYING AGENTS, THE CASH MANAGER, THE REGISTRAR, THE AGENT BANK, THE MASTER SERVICER, THE SPECIAL SERVICER, THE SELLERS, THE ISSUER ACCOUNT BANK, THE LIQUIDITY FACILITY PROVIDER OR THE CORPORATE SERVICES PROVIDER (EACH AS DEFINED HEREIN) OR ANY OTHER COMPANY IN THE SAME GROUP OF COMPANIES AS, OR AFFILIATED TO, ANY OF SUCH ENTITIES.

The Issuer (as “Responsible Person” for the purposes of the Prospectus Directive) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), 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.

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes will, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date of this Prospectus.

None of Citigroup Global Markets Limited (the “Lead Manager”), HBOS Treasury Services plc and Lloyds TSB Bank plc (together with the Lead Manager, the “Managers”) nor the Swap Counterparty has independently verified the information contained herein. Accordingly none of the Managers nor the Swap Counterparty makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information herein or part of it or of any other information provided by the Issuer in connection with the Notes. None of the Managers nor the Swap Counterparty accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Managers nor the Swap Counterparty undertakes or will undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Managers or the Swap Counterparty.

The Notes shall not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Prospectus nor any form of application, advertisement or other material may be distributed or published in the Grand Duchy of Luxembourg.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The Notes will be in bearer form (other than the Class R Notes which will be in registered form) and subject to U.S. tax law requirements. The Notes may not be sold or delivered, directly or indirectly, in the United States or to any U.S. persons (see the section “*Subscription and Sale*” below) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No person has been authorised to give any information or to make any representation other than as 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, the Trustee or any of the Managers.

The websites referred to throughout the document do not constitute part of the Prospectus.

Other than seeking the approval by the Irish Financial Services Regulatory Authority of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive, application for the Rated Notes to be listed to the Official List of the Irish Stock Exchange and to trading on its regulated market and delivery of a copy of this Prospectus to the Irish Companies Regulation Office for filing, 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. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part of it nor any other offering circular, prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

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 Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus (or any part hereof), see the section “*Subscription and Sale*” below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

All references in this document to “Euros”, “EUR” 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 to “SEK” or “Swedish Krona” are to the lawful currency for the time being of Sweden.

In connection with the issue of the Rated Notes, Citigroup Global Markets Limited (in this capacity the “Stabilising Manager”), or any person acting for the Stabilising Manager may over-allot (provided that the aggregate principal amount of the Rated Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Rated Notes) or effect transactions with a view to supporting the market price of the Rated Notes (or any class of them) at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any agent of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date 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 Rated Notes and 60 days after the date of the allotment of the Rated Notes. Such stabilisation shall be conducted in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

TABLE OF CONTENTS

	Page
OVERVIEW OF THE TRANSACTION	5
KEY CHARACTERISTICS OF THE RATED NOTES	16
KEY CHARACTERISTICS OF THE LOANS	17
TRANSACTION SUMMARY	18
RELEVANT DATES AND PERIODS	20
PRINCIPAL FEATURES OF THE LOANS AND THE PORTFOLIO	21
PRINCIPAL FEATURES OF THE NOTES	26
FCC AND FCC RELATED PARTIES	36
SAGRES AND SAGRES RELATED PARTIES	40
RISK FACTORS	42
THE ISSUER	79
CITIBANK INTERNATIONAL PLC	82
CITIBANK, N.A., LONDON BRANCH	83
THE LIQUIDITY FACILITY PROVIDER	84
CHARACTERISTICS OF THE LOANS AND THE RELATED PROPERTIES	85
DESCRIPTION OF THE LOANS AND THE RELATED PROPERTIES	98
DESCRIPTION OF THE FCC, SAGRES, THE FCC RELATED PARTIES, THE SAGRES RELATED PARTIES AND THE PURCHASED NOTES	145
TRANSACTION DOCUMENTS	159
ENFORCEMENT PROCEDURES	174
CASHFLOWS	190
SERVICING	200
CASH MANAGEMENT	212
CREDIT STRUCTURE	215
USE OF PROCEEDS	218
ESTIMATED AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS	219
TERMS AND CONDITIONS OF THE NOTES	221
TAXATION	248
SUBSCRIPTION AND SALE	251
GENERAL INFORMATION	255
APPENDIX 1 INDEX OF DEFINED TERMS	257

OVERVIEW OF THE TRANSACTION

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and the related documents referred to herein. Prospective investors are advised to read carefully, and should rely solely on, the detailed information appearing elsewhere in this Prospectus and the related documents referred to herein in making any investment decision. Capitalised terms used, but not defined, can be found elsewhere in this Prospectus, unless otherwise stated. An index of defined terms is set out at Appendix 1 to this Prospectus.

The Issuer

The Issuer is a securitisation company within the meaning of and governed by the Securitisation Law. Under the Securitisation Law, the assets, liabilities and obligations of the Issuer are segregated into separate compartments (a “Compartment” or the “Compartments”). The assets of each Compartment are, by operation of the Securitisation Law, only available to satisfy the liabilities and obligations of the Issuer which are incurred in relation to that Compartment. The liabilities and obligations of the Issuer incurred or arising in connection with the Notes and the Transaction Documents and all matters connected therewith will only be satisfied or discharged against the assets of Compartment 1. At the Issue Date, only one Compartment (Compartment 1) has been created and Compartment 1 will comprise all of the assets of the Issuer. If further Compartments were to be created by the Issuer, the liabilities and obligations of the Issuer to the Corporate Services Provider in respect of the Corporate Services Agreement would be capable of being satisfied or discharged against the assets of all the Compartments of the Issuer according to such rules as will be determined by the board of directors of the Issuer at that time. The assets of Compartment 1 will be exclusively available to satisfy the rights of the Noteholders and the other creditors of the Issuer in respect of the Notes, the Transaction Documents and all matters connected therewith, as provided therein, and no other creditors of the Issuer will have any recourse against the assets of Compartment 1 of the Issuer. For so long as the Notes remain outstanding, the Issuer will not be permitted to issue securities in respect of any Compartment of the Issuer except Compartment 1 in relation to the issue of the Notes unless the requirements contained in Condition 3.1 of the Notes have been satisfied. These include: (i) the Trustee having consented thereto subject to such conditions as the Trustee may impose; and (ii) the Rating Agencies having confirmed in writing to the Trustee that the then current ratings of the Notes would not be adversely affected thereby.

Issuance of Notes and acquisition of the Loan Pool, FCC Senior Notes and SAGRES Notes

On the Issue Date the Issuer will issue the Rated Notes. The Issuer will apply the gross proceeds of the issue of the Rated Notes (other than the Class X Notes) as follows:

- (i) to subscribe for the FCC Senior Notes (as defined below) issued by the relevant compartments of FCC EuroProp (EMC) (the “FCC”) (further described herein);
- (ii) to subscribe for the SAGRES Notes (as defined below) issued by SAGRES – Sociedade de Titularização de Créditos S.A. (“SAGRES”) (further described herein); and
- (iii) to purchase, pursuant to the terms of mortgage sale agreements (the “Direct Mortgage Sale Agreements”) to be entered into between the Issuer, Citibank International plc (the “First Seller”) or Citibank, N.A., London Branch (the “Second Seller” and, together with the First Seller, the “Sellers”, and each a “Seller”) on or prior to the Issue Date, the following, as applicable:
 - (a) the Swedish Loan, the German Loans and the Belgian Loan (each as defined below) (each a “Direct Loan” and together referred to as the “Direct Loans” or the “Direct Loan Pool”);
 - (b) the relevant Seller’s interests as lender in the various security interests granted in respect of each Direct Loan (in respect of each Direct Loan, the “Direct Loan Related Security” and in respect of the Direct Loan Pool, the “Direct Loan Pool Security”);
 - (c) the rights of the Sellers as lender under the relevant Finance Documents (as defined below) in respect of each Direct Loan, i.e. the credit agreements, any security agreement, any subordination agreement, any loan hedging agreements and any other document designated as such pursuant to the provisions of the relevant credit agreement; and

- (d) the fixed/floating swap transaction in respect of the Nawon Loan entered into by the relevant Seller.

The Direct Loan Pool, the FCC Notes and the SAGRES Notes are directly or indirectly secured upon, *inter alia*, commercial real properties situated in Sweden, Germany, France, Portugal and Belgium (as applicable).

Issuance of Class X Notes

On the Issue Date, the Issuer will issue the Class X Notes to be purchased by Citibank International plc only.

The Class X Notes will be entitled to payments of variable rates of interest only and will be remunerated from excess spread as further described under Condition 5.3. Payments of interest on the Class X Notes will at all times rank *pari passu* with the Class A Notes. The Issuer will apply the gross proceeds of the Class X Notes in making a deposit of approximately €50,000 into an account (the "Class X Principal Account") which will be used for the redemption of the Class X Notes upon maturity.

Issuance of Class R Notes

The Issuer will issue the Class R Notes to be purchased by Citibank International plc only and will apply the gross proceeds of the Class R Notes in making a deposit of approximately €5,500,000 into an expenses account (the "Expenses Account"). The expenses of the issue will be paid by the Issuer directly out of the Expenses Account.

Assets of the Issuer

The main assets of the Issuer will be (i) its right to receive payments of principal and interest in respect of the FCC Senior Notes and the FCC Residual Notes (the "FCC Purchased Notes") (as defined below), (ii) its right to receive payments of principal and interest in respect of the SAGRES Notes (the "SAGRES Purchased Notes" and, together with the FCC Purchased Notes, the "Purchased Notes"), (iii) its right to receive repayments of principal and payments of interest in respect of the Direct Loan Pool and its Related Security and (iv) its right to receive payments from its swap counterparty under the terms of the Swap Transaction(s) (as defined below). The Issuer will use such receipts, and if necessary, together with funds available to it under the Liquidity Facility Agreement (as defined below), to make payments of, *inter alia*, principal and interest due in respect of the Notes.

Liability under the Notes

The Notes will be limited recourse obligations of the Issuer. The Notes will only be capable of being satisfied and discharged from the assets of Compartment 1 of the Issuer and not from any other Compartment of the Issuer or from any other assets of the Issuer.

FCC

FCC EuroProp (EMC) is a "debt mutual fund" (*fonds commun de créances*) to be jointly established in France by a management company (the "FCC Management Company") and a custodian (the "FCC Custodian") and comprising, on the Issue Date, two compartments (respectively, the "Elancourt Compartment" and the "Selaht Compartment", each a "FCC Compartment" and collectively, the "FCC Compartments"). The FCC and the FCC Compartments are established pursuant to and governed by the provisions of Articles L. 214-5, L. 214-43 to L. 214-49 and Articles R. 214-92 to R. 214-115 of the French *Code monétaire et financier*, the general regulations (the "General Regulations") and, for each FCC Compartment, by the relevant compartment regulations (the "FCC Compartment Regulations") all of which are entered into between the FCC Management Company and the FCC Custodian, and other relevant FCC Transaction Documents (as defined below). The Elancourt Loan (as defined below) will be purchased by the FCC and allocated to the Elancourt Compartment and the Selaht Loan (as defined below) will be purchased by the FCC and allocated to the Selaht Compartment. In accordance with Article L. 214-43-1 of the French Monetary and Financial Code, the FCC is a joint ownership entity (*copropriété*) of assets having the form of receivables. In accordance with Article L. 214-43-3 of the French Monetary and Financial Code, the FCC does not have a legal personality (*personnalité morale*).

Management Strategy

In accordance with Article R. 214-92 of the French Monetary and Financial Code and pursuant to the terms of the General Regulations, the management strategy of the FCC is to purchase loans from Citibank International plc (the “French Loan Seller”) and/or any other sellers approved by the French Loan Seller.

In accordance with Article R. 214-92 of the French Monetary and Financial Code and pursuant to the terms of the FCC Compartment Regulations for the Elancourt Compartment, the management strategy of the Elancourt Compartment is to purchase the Elancourt Loan and its Related Security from the French Loan Seller and to issue the FCC Class A1 Notes, the FCC Class B1 Notes, the FCC Residual Notes and the Elancourt Units.

In accordance with Article R. 214-92 of the French Monetary and Financial Code and pursuant to the terms of the FCC Compartment Regulations for the Selaht Compartment, the management strategy of the Selaht Compartment is to purchase the Selaht Loan and its Related Security from the French Loan Seller and to issue the FCC Class A2 Notes and the Selaht Units.

Issuance of FCC Notes, FCC Residual Notes and Units and acquisition of French Loans

The Elancourt Compartment will issue, on the Issue Date, (i) notes in senior and junior tranches in the form of (a) Class A1 floating rate notes (the “FCC Class A1 Notes”), (b) Class B1 floating rate notes (the “FCC Class B1 Notes” or the “FCC Junior Notes”), (c) residual notes (the “FCC Residual Notes” and, together with the FCC Class A1 Notes and the FCC Class B1 Notes, the “FCC Elancourt Notes”) and (ii) two subordinated units, in an aggregate principal amount of €150 each (the “Elancourt Units”).

The Selaht Compartment will issue, on the Issue Date, (i) notes in the form of the Class A2 floating rate notes (the “FCC Class A2 Notes” or the “FCC Selaht Notes”), and (ii) two subordinated units in an aggregate principal amount of €150 each (the “Selaht Units” and, together with the Elancourt Units, the “Units”).

The FCC Class A1 Notes together with the FCC Class A2 Notes shall be referred to herein as the “FCC Senior Notes” and the FCC Residual Notes and the FCC Junior Notes together with the FCC Senior Notes shall be referred to herein as the “FCC Notes”.

The holders of the FCC Notes shall be referred to herein as “FCC Noteholders” and the holders of the FCC Residual Notes shall be referred to herein as “FCC Residual Noteholders”.

Pursuant to Article R. 214-96 of the French Monetary and Financial Code, the FCC Residual Notes and the FCC Junior Notes, Elancourt Units and the Selaht Units may only be subscribed for or held by qualified investors (*investisseurs qualifiés*) within the meaning of Article L. 411-2 of the Monetary and Financial Code, non-French resident investors (*investisseurs non résidents*) or the assignor of the securitised receivables or a company which is controlled by such assignor within the meaning of Article L. 233-3 of the Commercial Code (*Code de commerce*) or a company which controls such assignor or a company which is controlled by any of these companies.

The FCC Notes will mature on or prior to the maturity of the Notes.

The Issuer will only subscribe for the FCC Senior Notes and the FCC Residual Notes. The FCC Junior Notes and the Units will be subscribed by third party investors.

The FCC Management Company, acting in the name and on behalf of the Elancourt Compartment will apply the proceeds of the issue of the FCC Elancourt Notes and the Elancourt Units, to acquire, on the Issue Date, upon the terms and subject to the conditions of the mortgage sale agreement relating to the Elancourt Loan (the “Elancourt Mortgage Sale Agreement”) and in the manner described below, the Elancourt Loan and its Related Security and allocate it to the Elancourt Compartment.

The FCC Management Company, acting in the name and on behalf of the Selaht Compartment will apply the proceeds of the issue of the FCC Selaht Notes and the Selaht Units, to acquire, on the Issue Date, upon the terms and subject to the conditions of the mortgage sale agreement relating to the Selaht Loan (the “Selaht Mortgage Sale Agreement” and, together with the Elancourt Mortgage Sale Agreement, the “FCC Mortgage Sale Agreements”) and in the manner described below, the Selaht Loan and its Related Security and allocate it to the Selaht Compartment.

The transfer of title to the Elancourt Loan and the Selaht Loan and their Related Security pursuant to the FCC Mortgage Sale Agreements will be completed by the delivery by the French Loan Seller

on the Issue Date, to the FCC Management Company, acting in the name and on behalf of the Elancourt Compartment and the Selaht Compartment respectively, of a transfer document entitled *acte de cession de créances*, in the form prescribed by Article L. 214-43 and Article R. 214-109 of the French *Code monétaire et financier*. The transfer of title to the Elancourt Loan and the Selaht Loan and their Related Security and their allocation to the Elancourt Compartment and the Selaht Compartment respectively will take effect by the delivery of the *acte de cession de créances* and will be binding on third parties as at the date of the *acte de cession de créances*, without the need for any further formality.

The Elancourt Compartment will apply receipts of principal and interest paid to it in respect of the Elancourt Loan to make payments of principal and interest due in respect of the FCC Elancourt Notes.

The Selaht Compartment will apply receipts of principal and interest paid to it in respect of the Selaht Loan to make payments of principal and interest due in respect of the FCC Selaht Notes.

Assets of the Elancourt Compartment and of the Selaht Compartment

The assets of the Elancourt Compartment will be its right to receive repayments of principal and payments of interest in respect of the Elancourt Loan and its Related Security. The Elancourt Compartment will use such receipts to make payments of, *inter alia*, principal and interest due in respect of the FCC Elancourt Notes.

The assets of the Selaht Compartment will be its right to receive repayments of principal and payments of interest in respect of the Selaht Loan and its Related Security. The Selaht Compartment will use such receipts to make payments of, *inter alia*, principal and interest due in respect of the FCC Selaht Notes.

SAGRES

SAGRES – Sociedade de Titularização de Créditos S.A. is a limited liability company incorporated under the Portuguese Securitisation Law (as defined below) as a special securitisation vehicle for the purposes of issuing asset-backed securities.

The Portuguese Loans are governed by German law and the sale of the Portuguese Loans will be effected by the execution of the SAGRES Mortgage Sale Agreement (as defined below) governed by Portuguese law and the execution of a German law governed transfer certificate. Although under German law, notice to the Portuguese Borrowers is not required to give effect to the sale and assignment of the Portuguese Loans to SAGRES, the Portuguese Borrowers will be notified of the sale. In addition, for the assignment of the security constituted by the mortgages relating to the Portuguese Loans to be effective against third parties it must be registered with the relevant Portuguese Real Estate Registry Office.

The SAGRES Notes (as defined below) will have the benefit of the statutory segregation provided for by Article 62 of the Portuguese Securitisation Law which provides that assets and liabilities (*património autónomo*) of SAGRES in respect of each transaction entered into by SAGRES are completely segregated from the other assets and liabilities of SAGRES.

In accordance with the terms of Article 61 and the subsequent articles of the Portuguese Securitisation Law the right of recourse of the noteholders of the SAGRES Notes is limited to the Degi – Expo Tower Loan, the Degi – Entrecampos Loan and the assigned security and rights relating thereto in connection with the SAGRES Notes.

Issuance of SAGRES Notes and acquisition of Portuguese Loans

SAGRES, on the Issue Date, will issue notes in the form of secured floating rate notes that will also have an entitlement to excess cash proceeds from the Portuguese Loans retained by SAGRES after paying interest on those notes and SAGRES servicing fees, management fees and other expenses (the “SAGRES Notes”). The SAGRES Notes will mature on or prior to the maturity of the Notes.

The Issuer will subscribe for the SAGRES Notes (the “SAGRES Noteholder”). SAGRES will apply the proceeds of the issue of the SAGRES Notes to purchase, pursuant to the terms of a mortgage sale agreement relating to SAGRES (the “SAGRES Mortgage Sale Agreement” and, together with the Direct Mortgage Sale Agreements, the Elancourt Mortgage Sale Agreement and the Selaht Mortgage Sale Agreement, the “Mortgage Sale Agreements”) to be entered into between SAGRES and Citibank International plc, Portuguese branch (the “Portuguese Loan Seller”) on or prior to the Issue Date, the following:

- (i) the Degi – Expo Tower Loan (as defined below);
- (ii) the Portuguese Loan Seller’s interests as lender in the various security interests granted in respect of the Degi – Expo Tower Loan;
- (iii) the rights of the Portuguese Loan Seller as lender under the finance documents in respect of the Degi – Expo Tower Loan, i.e. the credit agreement, any security agreement and any other document designated as such pursuant to the provisions of the credit agreement;
- (iv) the Degi – Entrecampos Loan (as defined below);
- (v) the Portuguese Loan Seller’s interests as lender in the various security interests granted in respect of the Degi – Entrecampos Loan; and
- (vi) the rights of the Portuguese Loan Seller as lender under the finance documents in respect of the Degi – Entrecampos Loan, i.e. the credit agreement, any security agreement and any other document designated as such pursuant to the provisions of the credit agreement.

SAGRES will charge its rights under an account held in its name with Citibank, N.A., London Branch into which the proceeds of the Portuguese Loans are paid in favour of the Issuer pursuant to a security deed (the “SAGRES Security Deed”).

Assets of SAGRES

The main assets of SAGRES will be its right to receive repayments of principal and payments of interest in respect of the Degi – Expo Tower Loan and the Degi – Entrecampos Loan and their respective Related Security. SAGRES will use such receipts to make payments of, *inter alia*, principal and interest due in respect of the SAGRES Notes.

The Loan Pool

The loan pool will consist of the following eight loans (the “Loans”, each a “Loan” and together, the “Loan Pool”) (unless otherwise stated, all references in this Prospectus to “Loans” and “Loan” refer to the portion of the relevant Loans or Loan, as the case may be, that is being acquired by the Issuer, the FCC or SAGRES, as applicable):

1. the Sunrise Loan;
2. the Nawon Loan;
3. the Elancourt Loan;
4. the Selaht Loan (together with the Elancourt Loan, the “French Loans”);
5. the Nibelung Loan (together with the Sunrise Loan and the Nawon Loan, the “German Loans” or by itself, the “Belgian Loan”);
6. the Bastuban Loan (also referred to as the “Swedish Loan”);
7. the Degi – Entrecampos Loan; and
8. the Degi – Expo Tower Loan (together with the Degi – Entrecampos Loan, the “Portuguese Loans”).

The Swedish Loan and the German Loans are each referred to as a Direct Loan and together as the Direct Loans or the Direct Loan Pool.

“Whole Loans” means the Bastuban Whole Loan (as defined below) and the Sunrise Whole Loan (as defined below) and “Whole Loan” shall mean any one of them; with “Subordinated Loan” being in relation to a Whole Loan, the portion of such Whole Loan that is not acquired by the Issuer.

The Loans are made by either Citibank International plc (through its London branch, or in the case of the Degi – Expo Tower Loan and the Degi – Entrecampos Loan through its branch in Portugal) or Citibank, N.A., London Branch to different borrowers (each a “Borrower” and together, the “Borrowers”) (see below).

As at 20 April 2006 (the “Cut-Off Date”), the Loans had an aggregate outstanding principal balance of €648,840,711 (the “Cut-Off Date Balance”).

The Bastuban Loan, the Sunrise Loan, the Nawon Loan and the Nibelung Loan are governed by English law, the Degi – Expo Tower Loan and the Degi – Entrecampos Loan are governed by German law and the Elancourt Loan and the Selaht Loan are governed by French law. The Sunrise Loan, the Nawon Loan and the Nibelung Loan provide for the relevant Borrower to pay a fixed rate of interest, while the Bastuban Loan, the Elancourt Loan, the Selaht Loan, the Degi – Entrecampos

Loan and the Degi – Expo Tower Loan provide for the relevant Borrower to pay a floating rate of interest. With the exception of the Bastuban Loan, all the Loans are denominated in Euros. The Bastuban Loan is denominated in Swedish Krona. The Related Security, granted in respect of each Loan, was granted by the relevant Borrower (or, as the case may be, the parent company, the limited partner or the general partner of the Borrower or the group company thereof, or a third party freeholder of the Property (in the case of the Nibelung Loan)).

The Sunrise Loan

The Sunrise Whole Loan (as defined below) is a term loan facility provided in equal proportions by the Second Seller and Deutsche Bank AG, London Branch (the “DB Lender”). The Second Seller has sold, or will following the Issue Date sell, part of its 50 per cent. interest (its 50 per cent. interest being as at the Cut-Off Date €288,904,800) in the Sunrise Whole Loan to a third party investor or investors, such interest will not be acquired by the Issuer on the Issue Date and will instead be retained by the Second Seller or the third party investor or investors (the “Sunrise Investor”) who is not a party to this securitisation. The Second Seller will sell the remainder of its 50 per cent. interest in the Sunrise Whole Loan to the Issuer on the Issue Date. The outstanding principal balance of the Sunrise Loan being sold to the Issuer as at the Cut-Off Date was €275,181,822. All references in this Prospectus to the Sunrise Loan (including all financial information with respect to such Loan) are to the portion of the Sunrise Loan that is being acquired by the Issuer on the Issue Date unless stated otherwise.

For more information on the Sunrise Loan see “*Description of the Loans and the related Properties – Sunrise Loan*” below.

The Nawon Loan

The Nawon Loan is a term loan facility originated by the First Seller. The outstanding principal balance of the Nawon Loan being sold to the Issuer as at the Cut-Off Date was €105,489,576. The Nawon Loan will be acquired by the Issuer from the First Seller on the Issue Date.

The Borrower under the Nawon Loan has also borrowed under a mezzanine facility which will not be acquired by the Issuer on the Issue Date and will instead be retained by a third party investor (the “Nawon Mezzanine Lender”) who is not a party to this securitisation.

For more information on the Nawon Loan see “*Description of the Loans and the related Properties – Nawon Loan*” below.

The Elancourt Loan

The Elancourt Loan is a term loan facility originated by the First Seller. The outstanding principal balance as at the Cut-Off Date of the Elancourt Loan was €92,100,000 of which €73,450,000 (being 79.75 per cent.) represents the initial principal amount of the FCC Class A1 Notes to be purchased by the Issuer on the Issue Date and €18,650,000 represents the initial principal amount of FCC Class B1 Notes to be purchased by a third party. The Elancourt Loan will be acquired by the FCC from the First Seller on the Issue Date.

For more information on the Elancourt Loan, see “*Description of the Loans and the related Properties – Elancourt Loan*” below.

The Nibelung Loan

The Nibelung Loan is a term loan facility originated by the Second Seller. The outstanding principal balance as at the Cut-Off Date was €71,174,537. The Nibelung Loan will be acquired by the Issuer from the Second Seller on the Issue Date.

The Selaht Loan

The Selaht Loan is a term loan facility originated by the First Seller. The outstanding principal balance as at the Cut-Off Date of the Selaht Loan was €60,000,000. The Selaht Loan will be acquired by the FCC from the First Seller on the Issue Date.

For more information on the Selaht Loan, see “*Description of the Loans and the related Properties – Selaht Loan*” below.

For more information on the Nibelung Loan see “*Description of the Loans and the related Properties – Nibelung Loan*” below.

The Bastuban Loan

The Bastuban Whole Loan (as defined below) is a term loan facility originated by the First Seller. However the First Seller is only selling a portion of the Bastuban Whole Loan to the Issuer on the Issue Date. The First Seller has sold, or will following the Issue Date sell, part of its interest (the whole of such interest being as at the Cut-Off Date €49,840,085)¹ in the Bastuban Whole Loan to a third party investor, such interest will not be acquired by the Issuer on the Issue Date and will instead be retained by the First Seller or the third party investor (the “Bastuban Investor”) who is not a party to this securitisation. The First Seller will sell the remainder of its interest in the Bastuban Whole Loan to the Issuer on the Issue Date. The outstanding principal balance of the Bastuban Loan being sold to the Issuer as at the Cut-Off Date was €41,044,776¹. All references in this Prospectus to the Bastuban Loan (including all financial information with respect to such Loan) are to the portion of the Bastuban Loan that is being acquired by the Issuer on the Issue Date unless stated otherwise.

For more information on the Bastuban Loan see “*Description of the Loans and the related Properties – Bastuban Loan*” below.

The Degi – Entrecampos Loan

The Degi – Entrecampos Loan is a term loan facility. The outstanding principal balance as at the Cut-Off Date of the Degi – Entrecampos Loan was €14,500,000. The Degi – Entrecampos Loan will be acquired by SAGRES from the First Seller on the Issue Date.

For more information on the Degi – Entrecampos Loan see “*Description of the Loans and the related Properties – Degi – Entrecampos Loan*” below.

The Degi – Expo Tower Loan

The Degi – Expo Tower Loan is a term loan facility. The outstanding principal balance as at the Cut-Off Date of the Degi – Expo Tower Loan was €8,000,000. The Degi – Expo Tower Loan will be acquired by SAGRES from the First Seller on the Issue Date.

For more information on the Degi – Expo Tower Loan see “*Description of the Loans and the related Properties – Degi – Expo Tower Loan*” below.

The Portfolio

There are a total of 142 properties constituting security for the Loans (the “Properties”, each a “Property” and together, the “Portfolio”).

The security for the Elancourt Loan, the Selaht Loan, the Degi – Expo Tower Loan and the Degi – Entrecampos Loan is granted in favour of the First Seller or the Second Seller, as applicable, as security for the respective secured liabilities (including, *inter alia*, all fees, interest and principal) in respect of the relevant Loan.

The security for the Bastuban Loan is granted in favour of Citicorp Trustee Company Limited as security agent for the First Seller, the security for the Sunrise Loan is granted in favour of Deutsche Bank AG, London Branch as security trustee for, *inter alios*, the Second Seller, the security for the Nawon Loan and the Nibelung Loan is granted in favour of Citibank International plc as security trustee for the First Seller and Second Seller respectively. Citicorp Trustee Company Limited, Deutsche Bank AG, London Branch and Citibank International plc in their capacities as security agent or security trustee, as the case may be, shall each be referred to as a “Security Agent”. For the avoidance of doubt, pursuant to the relevant Mortgage Sale Agreement, the First Seller is transferring the interest it has as lender (and not as Security Agent) in respect of the Nawon Loan to the Issuer.

The Properties are all substantially occupied by tenants (the “Tenants”) under leases (each a “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 require that the relevant Borrower establishes, *inter alia*, a rent account (each a “Rent Account”) into which net rents payable by the relevant Tenants are to be paid, whether directly or indirectly.

The Issuer and the Trustee will have the benefit of warranties by the Sellers in relation to the Loan Pool and the Portfolio, including warranties by the Sellers in relation to the lending criteria applied in advancing the Loans and taking the mortgages. The relevant Seller will be required to purchase any relevant Loan in respect of which there is an unremedied breach of warranty.

For further information on the Loans, the Related Security and the guidelines applied in advancing the Loans, see the sections “*Characteristics of the Loans and the related Properties*” and “*Description of the Loans and the related Properties*” below.

Issuer Security

As security for its obligations under (among other things) the Notes, the Issuer will grant security interests over all its assets and undertaking (which comprises, primarily, its rights in respect of the Direct Loans, the Direct Loan Related Security, the SAGRES Notes, the SAGRES Security Deed and any other security relating thereto) in favour of the Trustee under the Deed of Charge. The Trustee will hold the benefit of this security on trust for itself, the Noteholders and the other Secured Creditors pursuant to the Deed of Charge. The Issuer will also pledge the FCC Senior Notes and the FCC Residual Notes it purchases, together with its accounts into which the revenues and the proceeds attached to or derived from such notes are paid, in favour of the Trustee (as the beneficiary) pursuant to certain French law governed pledge agreements (the “French Pledge Agreements”). The priority of claims of the Secured Creditors will be subject to the relevant Priority of Payments. The Class X Notes will be cash collateralised by amounts in the Class X Principal Account and funds standing to the credit of such account will only be applied in redeeming the Class X Notes. See “*Cashflows*” and “*Terms and Conditions of the Notes*” below.

Loan Pool Servicing

Citibank International plc will be appointed to carry out certain servicing (in such capacity, the “Master Servicer”) and special servicing (in such capacity, the “Special Servicer”) functions on behalf of (i) the Issuer and the Trustee in connection with the Direct Loans and the Direct Loan Related Security pursuant to the terms of a servicing agreement in respect of each Direct Loan (the “Direct Loan Servicing Agreement”); (ii) each of the Elancourt Compartment and the Selaht Compartment of the FCC in connection with the French Loans and their Related Security pursuant to the terms of the two servicing agreements (the “Elancourt Loan Servicing Agreement” and the “Selaht Loan Servicing Agreement” respectively and together the “FCC Servicing Agreements”) entered into among the FCC Management Company and the FCC Custodian; and (iii) SAGRES in connection with the Portuguese Loans and their Related Security pursuant to the terms of a SAGRES servicing agreement (the “SAGRES Servicing Agreement”). Each of the Issuer, the FCC Management Company (in respect of each of the Elancourt Compartment and the Selaht Compartment separately) and SAGRES, as applicable, being the “Relevant Servicer Principal”.

The duties of the Master Servicer or the Special Servicer, as the case may be, will include the collection of payments under the Loans and the operation of arrears procedures. For further details, see “*Servicing*” below.

The appointment of the Master Servicer or the Special Servicer, as applicable, may be terminated by (i) in respect of the Direct Loans, the Issuer (with the consent of the Trustee) or by the Trustee in certain circumstances, including breach of the Direct Loan Servicing Agreement and/or insolvency of the Master Servicer or Special Servicer, as the case may be; (ii) in respect of the French Loans, the FCC Management Company; or (iii) in respect of the Portuguese Loans, SAGRES (with the consent of Comissão do Mercado de Valores Mobiliários (“CMVM”). In these circumstances, a substitute master servicer or substitute special servicer, as appropriate, will be appointed to service the relevant Loan Pool, subject to confirmation being received from the Rating Agencies that such appointment would not affect the then current ratings of the Rated Notes and the authorisation of the CMVM in respect of the Portuguese Loans.

Under the Direct Loan Servicing Agreement, the FCC Servicing Agreements and the SAGRES Servicing Agreement (together the “Servicing Agreements”), each of the Master Servicer and the Special Servicer will be entitled to delegate the performance of all or any part of its obligations under the relevant Servicing Agreements to any party. However, in these circumstances, the Relevant Servicer will continue to be bound by its obligations under the relevant Servicing Agreements notwithstanding any such delegation. As at the Issue Date, the Master Servicer will delegate certain of its servicing activities to Capmark Services Ireland Limited (formerly known as GMAC Commercial Mortgage Servicing (Ireland) Limited), although the Master Servicer will remain responsible for the performance of such delegated activities.

¹ The Bastuban Loan has been translated into Euros at the rate of €1 = SEK9.38 (being the rate for the exchange of Euros for Swedish Krona as of April 2006) and rounded down to the nearest Euro.

With effect from the Issue Date, the Master Servicer will perform servicing activities in respect of the Sunrise Loan together with Deutsche Bank AG, London Branch. For further details, see “*Servicing – Sunrise Servicing and Intercreditor*” below.

In order to carry out servicing activities in France and Portugal for the FCC or SAGRES, the delegate will need to be an approved credit institution for French regulation purposes of servicing in France and approved by CMVM in respect of an appointment of a servicer servicing in Portugal who is not the originator.

In addition, subject to the fulfilment of certain conditions, the Master Servicer or the Special Servicer, as the case may be, may voluntarily resign by giving not less than three months’ notice of termination to the Relevant Servicer Principal (and the Trustee in the case of the Direct Loan Servicing Agreement) subject to the appointment of a substitute servicer and authorisation of the CMVM in respect of the Portuguese Loans.

For further information, see the sections “*Servicing – Delegation by the Master Servicer and the Special Servicer*” and “*Servicing – Removal or resignation of the Master Servicer or the Special Servicer*” below.

Collection Procedures

Following the acquisition of the Direct Loan Pool by the Issuer pursuant to the Direct Mortgage Sale Agreements on or shortly after each payment date under each Direct Loan (each a “*Loan Interest Payment Date*”), the Master Servicer will, pursuant to the Direct Loan Servicing Agreement, transfer (to the extent funds are available for such purpose) all amounts then due to the Issuer (being the “*Issuer Collections*”) from the relevant Borrower Accounts to the Collection Account and then transfer such sums to two separate accounts of the Issuer with the Issuer Account Bank (the “*Issuer Principal Account*” and the “*Issuer Revenue Account*”), as appropriate.

Following the acquisition of the Portuguese Loans by SAGRES, on or shortly after each payment date under each Portuguese Loan (each a “*Loan Interest Payment Date*”), the Master Servicer will, pursuant to the SAGRES Servicing Agreement, transfer (to the extent funds are available for such purpose) all amounts then due to SAGRES under the relevant Credit Agreements from the relevant Borrower Accounts to the Collection Account and then transfer such sums to the SAGRES Account. The amounts collected in the SAGRES Account will be used to pay amounts due under the SAGRES Notes and will be transferred to the Issuer Principal Account and the Issuer Revenue Account, as appropriate.

Following the acquisition of the French Loans by the FCC, their allocation to the Elancourt Compartment and the Selaht Compartment and the issuance of the corresponding FCC Elancourt Notes and FCC Selaht Notes, on or shortly after each payment date under each of the Elancourt Loan and the Selaht Loan (each a “*Loan Interest Payment Date*”) the Master Servicer and Special Servicer, as applicable, will, as agent for each of the Elancourt Compartment and the Selaht Compartment and in accordance with the provisions of the Elancourt Loan Servicing Agreement and the Selaht Loan Servicing Agreement, transfer (to the extent funds are available for such purpose) all amounts then due to each of the Compartments in respect of the Elancourt Loan and the Selaht Loan from the relevant Borrower Accounts to the Collection Account and then transfer such sums to two separate accounts (one of which relates to principal amounts and the other relates to interest amounts) in respect of each of the Elancourt Compartment and the Selaht Compartment (the “*Elancourt Compartment Collection Accounts*” and the “*Selaht Compartment Collection Accounts*”) respectively. The amounts collected in the Elancourt Compartment Collection Accounts and the Selaht Compartment Collection Accounts will be used to pay amounts due under the FCC Elancourt Notes and FCC Selaht Notes respectively and will be transferred to the Issuer Principal Account and the Issuer Revenue Account, as appropriate.

For a further description of the collection procedures to be operated in respect of the Loan Pool, see the section “*Cashflows – Collection Procedures*” below.

Application of Issuer Collections

Prior to each Determination Date, the Master Servicer (acting on the basis of information provided by the Special Servicer as necessary) will identify both the amount of Issuer Collections and the extent to which such Issuer Collections are principal amounts (including any scheduled amortisation principal and any principal paid upon final redemption and/or prepayment of a Loan), interest amounts, Prepayment Fees, Break Costs, Additional Fees (each as defined below) and other amounts.

The Cash Manager (as defined below) on behalf of the Issuer will, on each Interest Payment Date, after payment of those obligations of the Issuer having a higher priority under the relevant Priority of Payments (as defined below), apply such Issuer Collections together with receipts under the SAGRES Notes, the FCC Senior Notes, the FCC Residual Notes and certain other funds available to the Issuer as described in the Prospectus (the “Collections”) in payment of, among other things, interest and principal due on the Notes.

Priorities of Payment

On each Interest Payment Date prior to the enforcement of the Issuer Security, the Cash Manager (on behalf of the Issuer and the Trustee) will be required to apply available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Redemption Funds in accordance with the Pre-Enforcement Principal Priority of Payments.

Following enforcement of the Issuer Security, but before service of an Acceleration Notice, all funds of the Issuer except for Swap Collateral, Excess Swap Collateral, Replacement Swap Premium and Swap Tax Credit Amount (each as defined in the section entitled “*Cashflows*” below) will be applied in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments.

Following enforcement of the Issuer Security, and after service of an Acceleration Notice, all funds of the Issuer except for Swap Collateral, Excess Swap Collateral, Replacement Swap Premium and Swap Tax Credit Amount will be applied in accordance with the Post-Acceleration Priority of Payments.

See further the section entitled “*Cashflows*” below.

Swap Agreement(s)

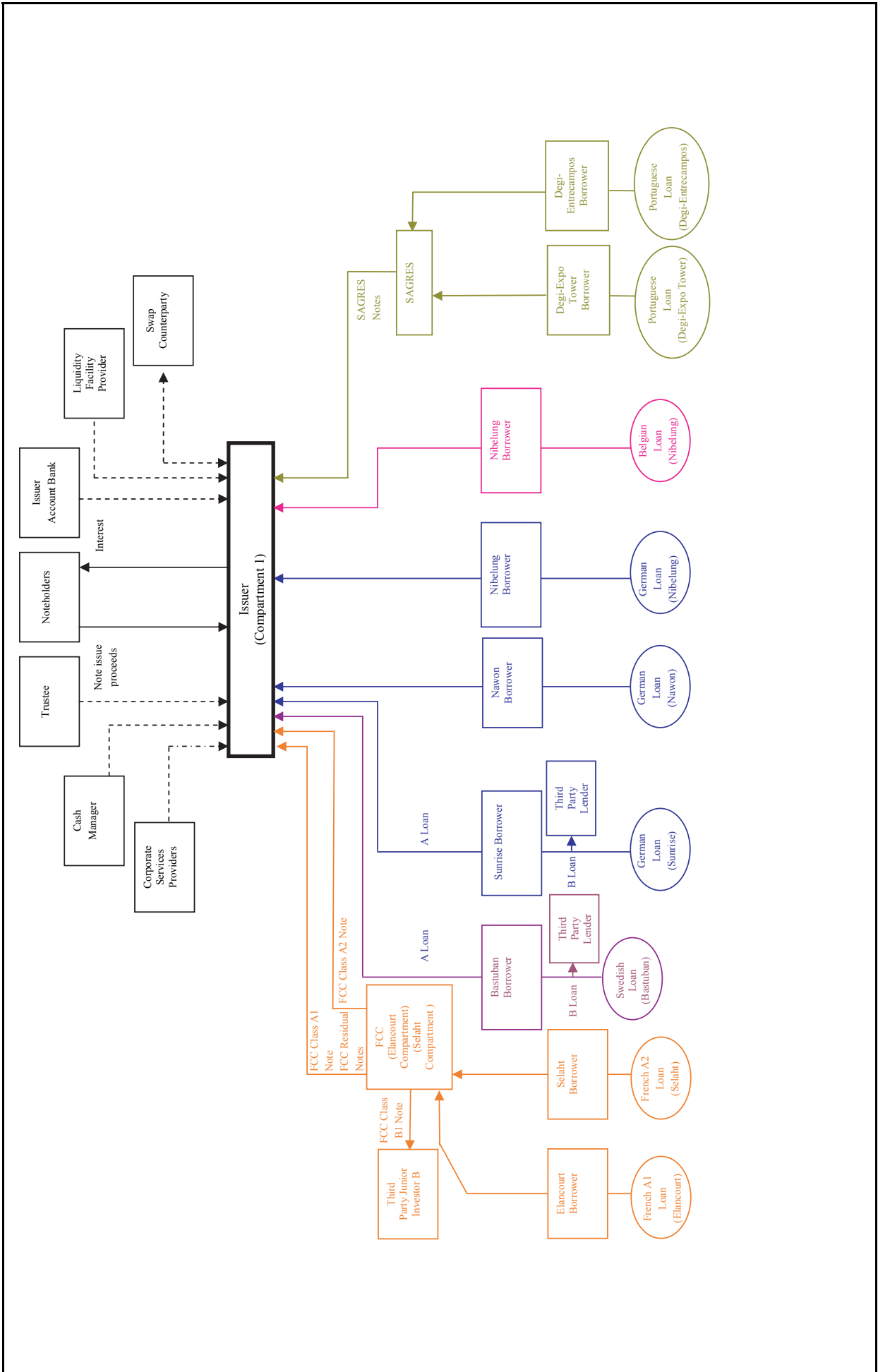
The Issuer will enter into a Swap Agreement with Citibank, N.A., London Branch as the swap counterparty (the “Swap Counterparty”). Pursuant to the Swap Agreement, the Issuer and the Swap Counterparty will enter into basis swap transactions, a €/SEK currency swap to hedge the risks of receiving Swedish Krona on the Bastuban Loan and fixed/floating swap transactions (each a “Swap Transaction”) in order to hedge certain interest rate risks in respect of interest amounts received by the Issuer under (i) the Direct Loans in the Direct Loan Pool, (ii) the FCC Senior Notes and (iii) the SAGRES Notes and interest amounts payable by the Issuer under the Rated Notes. The Issuer will on the Issue Date enter into a novation of an existing fixed/floating swap transaction entered into between Citibank, N.A., London Branch as a swap counterparty and the First Seller under the Nawon Loan on a *pro rata* basis and two new fixed/floating swap transactions in respect of the Sunrise Loan and the Nibelung Loan so that the notional amount of the new fixed/floating swap transactions (each of which is a Swap Transaction) reflects the principal amount of the Nawon Loan, the Sunrise Loan and the Nibelung Loan being acquired by the Issuer and following the Issue Date the counterparties will be the Issuer and the Swap Counterparty.

See the sections “*Risk Factors – Termination of the Swap Transactions*” and “*Transaction Documents – The Swap Agreement*” below.

Liquidity Facility Agreement

The Issuer will enter into a liquidity facility agreement with a liquidity facility provider (the “Liquidity Facility Provider”) pursuant to which the Liquidity Facility Provider will make available (subject to certain reductions and conditions) to the Issuer a facility which the Issuer can draw on to fund certain shortfalls in available funds.

See the sections “*Risk Factors – Availability of Liquidity Facility*” and “*Transaction Documents – Liquidity Facility Agreement*” below.



KEY CHARACTERISTICS OF THE RATED NOTES

The following is a summary of the key characteristics of the issue of the Rated Notes. This summary does not contain all of the information that a prospective investor in the Rated Notes will need to consider in making an investment decision and should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information which appears elsewhere in this Prospectus. **Prior to investing in the Rated Notes, prospective investors should carefully read this Prospectus in full, including the information set forth under “Risk Factors” below.**

	<u>Class A Notes</u>	<u>Class X Notes</u>	<u>Class B Notes</u>	<u>Class C Notes</u>	<u>Class D Notes</u>	<u>Class E Notes</u>	<u>Class F Notes</u>
Initial Principal Amount Outstanding	€485,500,000	€50,000	€55,000,000	€37,800,000	€41,000,000	€21,200,000	€8,000,000
Issue Price	100%	100%	100%	100%	100%	100%	100%
Interest Rate	3 month EURIBOR	(*)	3 month EURIBOR	3 month EURIBOR	3 month EURIBOR	3 month EURIBOR	3 month EURIBOR
Margin	0.21% p.a.	(*)	0.30% p.a.	0.50% p.a.	0.95% p.a.	1.375% p.a.	3.50% p.a.
Frequency of payments of interest	Quarterly	(*)	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Frequency of amortisation of principal	Quarterly pass-through	N/A	Quarterly pass-through	Quarterly pass-through	Quarterly pass-through	Quarterly pass-through	Quarterly pass-through
Interest Payment Dates (subject to adjustment for non-business days)	30 January, 30 April, 30 July and 30 October	30 January, 30 April, 30 July and 30 October	30 January, 30 April, 30 July and 30 October	30 January, 30 April, 30 July and 30 October	30 January, 30 April, 30 July and 30 October	30 January, 30 April, 30 July and 30 October	30 January, 30 April, 30 July and 30 October
First Interest Payment Date	October 2006	October 2006	October 2006	October 2006	October 2006	October 2006	October 2006
Expected Maturity Date	April 2011	April 2011	April 2011	April 2011	April 2011	April 2011	April 2011
Final Maturity Date	April 2013	April 2013	April 2013	April 2013	April 2013	April 2013	April 2013
Minimum Denomination	€200,000	€50,000	€200,000	€200,000	€200,000	€200,000	€200,000
Ratings of S&P/Fitch	AAA/AAA	AAA/AAA	AA/AA	A/A	BBB/BBB	BBB-/BBB-	BB/N/A
Form at issue	Bearer	Bearer	Bearer	Bearer	Bearer	Bearer	Bearer
Listing	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange
Clearing	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg
Common Code	026012716	026012805	026012937	026013020	026013097	026013208	026105927
ISIN	XS0260127161	XS0260128052	XS0260129373	XS0260130207	XS0260130975	XS0260132088	XS0261059272

* The Class X Notes will bear interest at a variable rate of interest. See Condition 5.3.

KEY CHARACTERISTICS OF THE LOANS

The following is a summary of the key characteristics of the Loans. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information which appears elsewhere in this Prospectus. **Prior to investing in the Rated Notes, prospective investors should carefully read this Prospectus in full, including the information set forth under “Risk Factors” below.**

Loan Name	Number of Properties	Cut-Off Date Balance (€)	Overall aggregate Loan Principal Balance (%)	Original Loan Date	Loan Maturity Date	Fixed/Floating Interest Rate	Cut-Off Date Loan-to-Value Ratio (%)	Loan Maturity Date Loan-to-Value Ratio (%)	Cut-Off ICR	Cut-Off DSCR
Sunrise	61	275,181,822	42.4	20/12/2005	20/01/2011	Fixed	76.2	76.2	1.96	1.96
Nawon	63	105,489,576	16.3	04/10/2005	04/10/2010	Fixed	78.0	70.0	1.81	1.26
Elancourt	1	73,450,000*	11.3	10/02/2006	10/02/2011	Floating	62.7	61.9	2.62	2.00
Nibelung	7	71,174,537	11.0	25/01/2006	25/01/2011	Fixed	86.4	76.3	1.59	1.07
Selaht	7	60,000,000	9.2	16/11/2005	16/11/2010	Floating	59.8	59.8	2.37	2.37
Bastuban	1	41,044,776**	6.3	24/05/2005	24/05/2010	Floating	70.0	56.5	2.19	2.19
Degi – Entrecampos	1	14,500,000	2.2	22/12/2005	22/12/2010	Floating	33.4	33.4	5.92	5.92
Degi – Expo Tower	1	8,000,000	1.2	04/11/2005	04/11/2010	Floating	40.9	40.9	5.03	5.03
Total	142	648,840,711	100							
Weighted Average		81,105,089					72.8	69.4	2.15	1.93
Minimum		8,000,000	1.2				33.4	33.4	1.59	1.07
Maximum		275,181,822	42.4				86.4	76.3	5.92	5.92

* In determining such balance, only 79.75 per cent. of the Elancourt Loan is included as this represents the initial principal amount of the FCC Class A1 Notes to be acquired by the Issuer on the Issue Date.

** The Bastuban Loan has been translated into Euros at the rate of €1=SEK9.38 (being the note for the exchange of Euros for Swedish Krona as of April 2006) and rounded down to the nearest Euro.

TRANSACTION SUMMARY

The following is a summary of the principal features of the issue of the Notes and certain other related transactions. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information which appears elsewhere in this Prospectus.

THE PARTIES

Issuer	EuroProp (EMC) S.A. (the “Issuer”), a limited liability company (<i>société anonyme</i>) incorporated under the laws of Luxembourg as a securitisation company, having its registered office at 7, Val Ste Croix, L-1371, Luxembourg, registration number RCS Luxembourg B-117348 and with a share capital of €31,000. The Notes are issued by the Issuer acting in respect of its Compartment 1.
Sellers	Citibank International plc (in the case of the Portuguese Loans acting through its Portuguese branch) (“First Seller”) and Citibank, N.A., London Branch (“Second Seller” and, together with the First Seller, the “Sellers”, each a “Seller”). The Sellers are located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and will, under the Mortgage Sale Agreements, sell eight mortgage loans (the “Loan Pool”) to the Issuer, the FCC or SAGRES, as the case may be.
Master Servicer and Special Servicer	<p>Citibank International plc will be appointed pursuant to the terms of the Servicing Agreements to carry out certain servicing and special servicing functions on behalf of the Issuer, the FCC or SAGRES, as the case may be, in connection with the Loans and the Related Security (in these capacities, the “Master Servicer” and the “Special Servicer” respectively, and each, as the context requires, the “Relevant Servicer”).</p> <p>Each of the Master Servicer and the Special Servicer will be entitled to delegate the performance of some or all of its duties under the Servicing Agreements to any authorised party, as more fully described in the section entitled “<i>Servicing</i>”, below.</p> <p>With effect from the Issue Date, the Master Servicer will delegate the performance of many of its day-to-day servicing activities in respect of the Direct Loan Pool to Capmark Services Ireland Limited (formerly known as GMAC Commercial Mortgage Servicing (Ireland), Limited), although the Master Servicer will remain responsible for the performance of such delegated activities.</p>
Operating Adviser	The Controlling Creditor in respect of each Whole Direct Loan and the Elancourt Loan will have the right to appoint and remove an adviser (as defined in the section entitled “ <i>Servicing</i> ” below) (the “Operating Adviser”) with respect to the Loans. The Operating Adviser will, among other things, have certain rights with respect to certain material actions relating to the Loans. See “ <i>Servicing – Appointment of the Operating Adviser</i> ” below.
Cash Manager	Citibank, N.A., London Branch (in this capacity, the “Cash Manager”), acting through the Agency and Trust Division of its London branch, located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB will provide cash management and related services (including the administration of payments (based upon calculations supplied to it) due to and from the Swap Counterparty) to the Issuer under the Cash Management Agreement. The Cash Manager will be entitled to delegate the performance of some or all of its duties under the Cash Management Agreement to any party, as more fully described in the section entitled “ <i>Cash Management</i> ” below.

Swap Counterparty	Citibank, N.A., London Branch, (in this capacity, the “Swap Counterparty”), will under the Swap Agreements enter into the Basis Swap Transactions, the Currency Swap Transaction and the Fixed/Floating Swap Transactions with the Issuer.
Trustee	Capita Trust Company Limited (in this capacity, the “Trustee”) will act as trustee for the Noteholders under the Trust Deed constituting the Notes and will hold the benefit of the security granted pursuant to the Deed of Charge on trust for the Noteholders and the other Secured Creditors.
Corporate Services Provider	Luxembourg International Consulting S.A. (the “Corporate Services Provider”) will provide directors and corporate secretarial and administration services to the Issuer pursuant to a corporate services agreement dated on or before the Issue Date and made between the Issuer, the Trustee and the Corporate Services Provider (the “Corporate Services Agreement”).
Issuer Account Bank	<p>Citibank, N.A., London Branch (in this capacity, the “Issuer Account Bank”), acting through the Agency and Trust Division of its London branch, will open and maintain certain bank accounts of the Issuer under the Issuer Bank Agreement.</p> <p>The unguaranteed, unsubordinated and unsecured debt obligations of the Issuer Account Bank are currently rated F1+ (short term) by Fitch and A-1+ (short term) by S&P. The Issuer Bank Agreement will provide that if such ratings drop below F1 (short term) (Fitch) or A-1+ (short term) (S&P) then the Issuer Account Bank will be required, within 30 days following such downgrade, to arrange for the transfer of its obligations under the Issuer Bank Agreement to a successor account bank with the short term ratings of at least F1 or A-1+.</p>
Liquidity Facility Provider	Lloyds TSB Bank plc (the “Liquidity Facility Provider”), acting through its corporate office at Faryner’s House, 25 Monument Street, London EC3R 8BQ will make the Liquidity Facility available to the Issuer under the Liquidity Facility Agreement.
Registrar	Luxembourg International Consulting S.A. (in this capacity, the “Registrar”) will act as registrar for the Class R Notes pursuant to a registrar agreement dated on or before the Issue Date and made between the Registrar, the Issuer and the Trustee (the “Registrar Agreement”).
Finance Parties	The “Finance Parties” under any Credit Agreement are the lender(s) from time to time under the Credit Agreement (each a “Lender”), the arranger under the Credit Agreement, the facility agent under the Credit Agreement (if any), the Loan Hedge Counterparties (if any) and the Security Agent (if applicable).
Paying Agents and Agent Bank	Citibank, N.A., London Branch, acting through its Agency and Trust Division (in its capacities as the “Principal Paying Agent” (together with any other paying agents, the “Paying Agents”) and the “Agent Bank”), will act as principal paying agent and agent bank in respect of the Rated Notes under the Agency Agreement. Citibank International plc will act under the Agency Agreement as a Paying Agent in Ireland (the “Irish Paying Agent”).

RELEVANT DATES AND PERIODS

Cut-Off Date	The Cut-Off Date is 20 April 2006 (the “Cut-Off Date”). The Cut-Off Date is the date on which much of the information relating to the Loans and the Properties in this Prospectus is presented.
Issue Date	The Notes will be issued on or about 31 July 2006 (the “Issue Date”). All interest payments and collections that represent amounts due to be paid or accrued on the Loans and not paid as at the Issue Date will also be sold to the Issuer, the FCC or SAGRES, as the case may be.
Loan Interest Payment Date	Each of the Loans provides for payment of interest and (if applicable) principal by the relevant Borrower in quarterly instalments as specified in the relevant Credit Agreement (each a “Loan Interest Payment Date”).
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 in arrear, on each Loan Interest Payment Date in respect of the immediately preceding Loan Interest Period.
Determination Date	The quarterly cut-off for collections on the Loans that are to be distributed, and for information regarding the Loans that are to be reported to the holders of the Notes (the “Noteholders”) on any Interest Payment Date (as specified below), will be the close of business of the 27th day of each calendar month in which an Interest Payment Date falls (or, if such day is not a Business Day, on the next Business Day) (each a “Determination Date”).
Calculation Period	Amounts available for payment on the Notes on any Interest Payment Date will depend primarily on the payments and other collections received with respect to the Loans, the payments received with respect to any Swap Transactions for the applicable Calculation Period, Revenue Priority Amount Drawings relating to such Interest Payment Date and interest accrued on the Issuer Accounts. Each “Calculation Period” will: <ul style="list-style-type: none">(i) relate to the Interest Payment Date immediately following such Calculation Period;(ii) begin when the prior Calculation Period ends (or in the case of the first Calculation Period, will begin on the Issue Date); and(iii) end on (but exclude) the Determination Date that occurs in the same month as the immediately following Interest Payment Date.

PRINCIPAL FEATURES OF THE LOANS AND THE PORTFOLIO

- Loans** Each Loan is secured by, among other things, a mortgage or charge over all of the relevant Borrower’s interests in the Properties (and the Nibelung Freeholder’s interests in the Belgian Nibelung Property in the case of the Nibelung Loan), security over the shares or partnership interest in respect of the Borrowers, insurance policies, hedging arrangements (if applicable), bank accounts (if applicable) and rental income in respect of the Properties. Each Loan contains certain representations and warranties given by the relevant Borrower.
- Each of the Bastuban Loan and the Sunrise Loan has a junior tranche. The Issuer and each of the third party investors who acquires any part of such junior tranches will enter into an intercreditor agreement in respect of each such Loan (each a “Direct Loan Intercreditor Agreement”). The Borrower under the Nawon Loan has borrowed under a mezzanine facility which is also subject to existing intercreditor arrangements.
- Each of the Degi – Expo Tower Loan, the Degi – Entrecampos Loan, the Bastuban Loan and the Elancourt Loan is secured on one property. Each of the remaining Loans are secured on a portfolio of properties.
- Properties** The Portfolio comprises 142 Properties located in Belgium, France, Germany, Portugal and Sweden respectively. The Properties consist of offices, warehouses, retail properties, social housing properties, industrial spaces and parking facilities.
- The Loans were originated by either Citibank International plc (in the case of the Portuguese Loans acting through its Portuguese branch) or Citibank, N.A., London Branch, as the case may be, between 24 May 2005 and 10 February 2006. In connection with the origination of the Loans, each of Citibank International plc and Citibank, N.A., London Branch, 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 each Borrower’s ability to service their loan obligations and the quality of the associated Property(ies).

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

Property Name	Loan Name	Property Address	Location	Property Type	Valuation (€)	% of Total	Total Square Metres	% of Total	Total Gross Rent (€ pa)	% of Total	Total ERV** (€)
1 Boulevard Jean Moulin, ZAC de la Clef Saint-Pierre	Elancourt	1 Boulevard Jean Moulin, ZAC de la Clef Saint-Pierre	France	Office	117,110,000	12.4%	80,527	8.9%	8,500,000	8.9%	9,986,718
Bastuban 1, Municipality of Molndal	Bastuban	Bäckstengatan 5	Sweden	Office	58,635,394	6.2%	46,907	5.2%	5,623,619	5.2%	5,183,369
Entrecampos 28	Degi – Entrecampos	Entrecampos 28	Portugal	Office	43,443,000	4.6%	11,267	1.2%	2,823,812	1.2%	2,745,000
PaderbornHNR	Nibelung	Heinz-Nixdorf Ring	Germany	Production	43,000,000	4.6%	73,373	8.1%	3,090,015	4.6%	3,884,253
Chaussee Jules Cesar	Selaht	Chaussee Jules Cesar	France	Office / Light Industrial	24,410,000	2.6%	23,671	2.6%	1,702,582	2.5%	1,727,955
rue Toussaint-Catros	Selaht	rue Toussaint-Catros	France	Office / Light Industrial	20,710,000	2.2%	27,108	3.0%	1,421,595	3.0%	1,425,000
Domaine de Corbeville	Selaht	Domaine de Corbeville	France	Office / Light Industrial	20,290,000	2.2%	22,761	2.5%	749,178	1.1%	N/A
Expo Tower	Degi – Expo	Expo Tower, Avenida D. João II, Lote 1.16.01, Parque das Nações	Portugal	Industrial Office	19,560,000	2.1%	6,052	0.7%	1,297,153	1.9%	1,402,232
Shopping Centre Sarstedt	Sunrise	Am Teinkamp 7	Germany	Mixed Commercial	18,650,000	2.0%	24,817	2.8%	1,358,543	2.0%	969,000
Shopping Centre Stuttgart Boblingen	Sunrise	Wolfgang-Brumme-Allee 3	Germany	Shopping Centre	18,225,000	1.9%	7,795	0.9%	885,473	1.3%	1,593,886
Shopping Centre Augsburg	Sunrise	Bahnhofstrasse 28	Germany	Shopping Centre	17,475,000	1.9%	5,358	0.6%	1,113,165	1.7%	1,207,270
Passau	Sunrise	Bahnhofstrasse 24-28	Germany	Shopping Centre	16,800,000	1.8%	15,305	1.7%	1,343,250	2.0%	1,368,119
Shopping Centre Dormagen	Sunrise	Rathaus Galerie, Marktstrasse 14/ Kolner Strasse	Germany	Shopping Centre	13,850,000	1.5%	6,543	0.7%	805,096	1.2%	1,080,216
Vom-Rath-Str 11-19 21-27; Von-Droste-Str 39-51	Nawon	Vom-Rath-Str 11-19 21-27; Von-Droste-Str 39-51	Germany	Residential – multi family	13,500,000	1.4%	15,716	1.7%	914,930	1.4%	1,100,609
Mixed Use Flensburg	Sunrise	Husumer Strasse 200	Germany	Mixed Commercial	12,650,000	1.3%	31,575	3.5%	920,325	1.4%	1,815,500
Bunzlauerweg 1-4 / Riesengebirgstrasse 2-4	Nawon	Bunzlauerweg 1-4 / Riesengebirgstrasse 2-4	Germany	Residential – multi family	11,900,000	1.3%	12,972	1.4%	800,211	1.2%	879,096
Bordet	Nibelung	Avenue Jules Bordet 32	Belgium	Office	11,750,000	1.2%	5,464	0.6%	867,381	1.3%	777,700
Retail Warehouses Munchen Karlsfeld	Sunrise*	Ottostrasse/Boschstrasse/ Rontgenstrasse/Dieselstrasse	Germany	Retail Warehouse	11,000,000	1.2%	7,438	0.8%	711,801	1.1%	773,150
25 rue Jules Vedrines	Selaht	25 rue Jules Vedrines	France	Office / Light Industrial	10,570,000	1.1%	25,241	2.8%	804,164	1.2%	900,000
Krozinger Strasse 21-25	Nawon	Krozinger Strasse 21-25	Germany	Residential – multi family	10,400,000	1.1%	11,537	1.3%	687,666	1.0%	767,708
Total					513,928,394	54.5%	461,424	51.1%	36,419,958	54.4%	39,286,781
Top 20 largest properties by OMV				Property value for the total portfolio	942,614,394	Sq metres for the total portfolio	902,204	Gross rent for the total portfolio	67,009,447	ERV for the total portfolio	78,713,709

* Based on 50 per cent. interest in respect of the Sunrise Loan.

** “ERV” means, with respect to a Property, the estimated rental value of the relevant Property.

For a more detailed description of each Loan, see “*Description of the Loans and the related Properties*” below.

Valuation In relation to each Loan, as a condition precedent to making an advance to the relevant Borrowers, the relevant Seller obtained an independent valuation of the relevant Property or Properties constituting security for such Loan (each a “Valuation” and together, the “Valuations”).

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

See further “*Description of the Loans and the related Properties*” below.

Related Security As security for the repayment of each Loan, each Borrower and the relevant Lender or the relevant Security Agent (as the case may be) have entered into a charge document (each a “Security Agreement” and, together the “Security Agreements”), pursuant to which the relevant Borrower has granted security over the relevant Property or Properties and all related interests and assets including but not limited to:

- (i) a mortgage or charge over the relevant interest the relevant Borrower holds in the relevant Property or Properties;
- (ii) a pledge or charge over the relevant bank accounts (including any applicable Rent Account) (other than in respect of the Portuguese Loans);
- (iii) an assignment or a pledge of the insurance contracts or policies of the Borrower; and
- (iv) a pledge in respect of rents.

The Related Security in respect of each Loan (with the exception of the Portuguese Loans) will include, where relevant, the benefit of the following:

- (i) the Loan Hedging Arrangements;
- (ii) a subordination agreement under which any other debt of the relevant Borrower is subordinated to the debt owed by the relevant Borrower in respect of the relevant Loan (each a “Subordination Agreement”);
- (iii) a charge over, or other security interest in, the shares of the Borrower or the partnership interest of the Borrower (each a “Share Charge”);
- (iv) in the case of the Nawon Loan, an intercreditor deed regulating the relationship and priority between the relevant Seller (and after the Issue Date, the Issuer) and the Nawon Mezzanine Lender; and
- (v) in the case of each of the Bastuban Loan and the Sunrise Loan, the relevant Direct Loan Intercreditor Agreement regulating the relationship and priority between the Issuer and the Bastuban Investor or the Sunrise Investor respectively.

For further information, refer to “*Characteristics of the Loans and the related Properties*” below.

Interest rate	Three of the Loans bear a fixed rate of interest calculated in accordance with the Credit Agreement under which that Loan was made and five of the Loans bear a floating rate of interest calculated as the sum of EURIBOR or STIBOR (in respect of the Bastuban Loan) plus a specified margin.
	The Bastuban Borrower has entered into both a cap agreement and a swaption agreement to address interest rate risk arising in connection with the payment of a floating rate of interest on the Bastuban Loan. The Selaht Borrower has entered into a swap agreement to address interest rate risk arising in connection with the payment of a floating rate of interest on the Selaht Loan. The Elancourt Borrower has entered into both a swap agreement and a cap agreement to address interest rate risk arising in connection with the payment of a floating rate of interest on the Elancourt Loan. (see “ <i>Transaction Summary – Principal Features of the Loans and the Portfolio – Loan Hedging Arrangements</i> ” below).
Interest payments	Each of the Loans provides for payment of interest and (if applicable) principal by the relevant Borrower in quarterly instalments as specified in the relevant Credit Agreement (each a “Loan Interest Payment Date”) in respect of successive interest periods (each referred to herein as a “Loan Interest Period”).
Repayment	Certain Loans are subject to scheduled repayment on each Loan Interest Payment Date or on certain predetermined Loan Interest Payment Dates or subject to other amortisation arrangements in accordance with the terms of the relevant Credit Agreement and, to the extent not repaid or prepaid earlier, are repayable at their respective final maturity dates (each such date a “Loan Maturity Date”).
Voluntary prepayment	Each Loan is repayable at the election of the relevant Borrower, in whole or in part, subject to the notice period and other terms specified in the relevant Credit Agreement. Amounts prepaid may not be redrawn.
Mandatory prepayment	Each Loan will become prepayable if it becomes unlawful in any jurisdiction for the Lender to perform any of its obligations under the relevant Credit Agreement or upon the occurrence of certain prepayment events specified in the relevant Credit Agreement.
Finance Documents	Includes, in relation to the Loan Pool, any Credit Agreement, any Security Agreement, any Subordination Agreement, any Share Charge, any Loan Hedging Arrangements and any other document designated as such pursuant to the provisions of the relevant Credit Agreement (each a “Finance Document”). The Finance Documents relating to a specific Loan are referred to in this Prospectus as the relevant Finance Documents in relation to that Loan.
Loan Hedging Arrangements	In respect of certain of the Loans, the relevant Borrower has entered into swap agreements with a counterparty (each a “Loan Hedging Arrangement”) to address interest risk arising in connection with the payment by the relevant Borrower of a floating rate of interest on the relevant Loan. The counterparties to any Loan Hedging Arrangement are referred to in this Prospectus as the “Loan Hedge Counterparties”. For a more detailed description of the provisions of the Loan Hedging Arrangements, see “ <i>Description of the Loans and the related Properties</i> ” below.

Insurance

In respect of certain of the Loans, the relevant Borrower has undertaken, pursuant to the relevant Credit Agreement, to maintain insurance of the relevant Property or Properties, including loss of rent insurance and/or third party liability insurance.

In respect of certain Loans, insurances required under the Credit Agreement must be with an insurance company or underwriter that meets a certain credit rating requirement at all times or is acceptable to the Lender and the facility agent.

Buy-back for breach of representations and warranties . . .

The Mortgage Sale Agreements will contain certain representations and warranties given by each Seller in respect of each Loan and its Related Security (the “Loan Warranties”). The Loan Warranties are summarised in the section entitled “*Transaction Documents – Mortgage Sale Agreements*”.

If there is a material breach of any Loan Warranty by a Seller, the relevant Seller will, if the breach cannot be remedied or (if capable of remedy) has not been remedied within a period of 30 days from the date on which the relevant Seller, the Issuer or SAGRES first became aware of the relevant breach, be required to purchase the relevant Loan and Related Security sold or transferred to the Issuer or SAGRES, as applicable, from the Issuer or SAGRES, as applicable, for a consideration equal to the then current outstanding principal balance of the relevant Loan plus any accrued but unpaid interest thereon up to and including the date of repurchase or, if such date is not an Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full, the immediately following Interest Payment Date together with any additional costs incurred by the Issuer or SAGRES, as applicable, in respect of such repurchase (including any swap termination payments due to the Swap Counterparty arising as a result of the repurchase).

If the relevant Seller under either of the FCC Mortgage Sale Agreements or the FCC Management Company becomes aware that there is a material breach of any Loan Warranty by the Seller at any time after the Issue Date or that any of the Loan Warranties made by the Seller were false or incorrect on the Issue Date, then that party shall inform the other party without delay. If the breach cannot be remedied or (if capable of remedy) has not been remedied within a period of 30 days from the date on which the relevant Seller or the FCC Management Company first became aware of such an event, the transfer of the affected French Loan from the Seller to the relevant FCC Compartment pursuant to either of the FCC Mortgage Sale Agreements shall automatically be deemed null and void without any further formalities (*résolu de plein droit*) and the Seller shall indemnify the relevant FCC Compartment for an amount being equal to the sum of (i) the current outstanding principal balance of the relevant affected French Loan as at the indemnification date and (ii) any unpaid amounts of interest, expenses and accessories relating to the affected French Loan, as at the indemnification date or, if such date is not an interest payment date of the FCC Notes, the immediately following interest payment date of the FCC Notes.

PRINCIPAL FEATURES OF THE NOTES

The Notes The Notes will comprise:

- (i) €485,500,000 Class A Mortgage Backed Floating Rate Notes due 2013;
- (ii) €50,000 Class X Mortgage Backed Variable Rate Notes due 2013;
- (iii) €55,000,000 Class B Mortgage Backed Floating Rate Notes due 2013;
- (iv) €37,800,000 Class C Mortgage Backed Floating Rate Notes due 2013;
- (v) €41,000,000 Class D Mortgage Backed Floating Rate Notes due 2013;
- (vi) €21,200,000 Class E Mortgage Backed Floating Rate Notes due 2013;
- (vii) €8,000,000 Class F Mortgage Backed Floating Rate Notes due 2013; and
- (viii) €5,500,000 Class R Floating Rate Notes due 2013.

The Notes will be constituted pursuant to a trust deed made between the Issuer and the Trustee dated on or before the Issue Date (the “Trust Deed”). The Notes of each class will rank *pari passu* and without any preference or priority among themselves.

Status and priority The Notes will be limited recourse obligations of the Issuer only. The Notes will only be capable of being satisfied and discharged from the assets of Compartment 1 of the Issuer and not from any other Compartment of the Issuer or from any other assets of the Issuer.

Payments of interest in respect of the Class A Notes and the Class X Notes will rank ahead of payments of interest 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 R Notes. Payments of interest in respect of the Class B Notes will rank ahead of payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class R Notes. Payments of interest in respect of the Class C Notes will rank ahead of payments of interest in respect of the Class D Notes, the Class E Notes, the Class F Notes and the Class R Notes. Payments of interest in respect of the Class D Notes will rank ahead of payments of interest in respect of the Class E Notes, the Class F Notes and the Class R Notes. Payments of interest in respect of the Class E Notes will rank ahead of payments of interest and principal in respect of the Class F Notes and the Class R Notes. Payments of interest in respect of the Class F Notes will rank ahead of payments of interest and principal in respect of the Class R Notes.

Available Redemption Funds will be applied based on a combination of sequential and *pro rata* payments unless a Sequential Payment Trigger has occurred. Upon the occurrence of a Sequential Payment Trigger, repayments of principal in respect of the Class A Notes will rank ahead of repayments of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. Repayments of principal in respect of the Class B Notes will rank ahead of repayments of principal in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. Repayments of principal in respect of the Class C Notes will rank ahead of repayments of principal in respect of the Class D Notes, the Class E Notes and the

Class F Notes. Repayments of principal in respect of the Class D Notes will rank ahead of repayments of principal in respect of the Class E Notes and the Class F Notes. Repayments of principal in respect of the Class E Notes will rank ahead of repayments of principal in respect of the Class F Notes. Repayments of principal in respect of the Class F Notes will rank ahead of repayments of principal in respect of the Class R Notes.

The Class X Notes do not rank against any other class of Notes with respect to any principal amounts distributable from the Issuer Accounts (other than the Class X Principal Account) to such classes.

See “Cashflows” below.

Form of the Notes

Each class of Rated Notes will be in bearer form. The Temporary Global Notes and the Permanent Global Notes of each class will be held by a common depository for Euroclear and Clearstream, Luxembourg.

The Rated Notes (other than the Class X Notes) will be in the specified denomination of €200,000 or €50,000 in the case of the Class X Notes and, in each case, with integral multiples of €1,000 in excess thereof provided that, for so long as the Rated Notes are represented by Global Notes and the rules of Euroclear and Clearstream, Luxembourg so permit, the Rated Notes shall be tradeable in minimum nominal amounts of €200,000 in the case of the Rated Notes (other than the Class X Notes) and €50,000 in the case of the Class X Notes and, in each case, with integral multiples of €1,000 in excess thereof.

If Definitive Notes are required to be issued, they will be issued and printed in the denomination of €200,000 in the case of the Rated Notes (other than the Class X Notes) or €50,000 in the case of the Class X Notes, and every denomination between €201,000 and €399,000 in the case of the Rated Notes (other than the Class X Notes) and between €51,000 and €99,000 in the case of the Class X Notes, in each case that is an integral multiple of €1,000. Under no circumstances will Definitive Notes be issued in respect of a principal amount which is less than €200,000 in the case of the Rated Notes (other than the Class X Notes) or €50,000 in the case of the Class X Notes.

The Class R Notes will be in registered form and in the denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Ratings

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

Class	S&P	Fitch
Class A Notes	AAA	AAA
Class X Notes	AAA	AAA
Class B Notes	AA	AA
Class C Notes	A	A
Class D Notes	BBB	BBB
Class E Notes	BBB-	BBB-
Class F Notes	BB	N/A

Listing

Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the Official List of the Irish Stock Exchange. The Class R Notes will not be listed on any stock exchange.

Liquidity Facility	On or before the Issue Date, the Issuer, the Trustee and the Liquidity Facility Provider, <i>inter alios</i> , will enter into an agreement (the “Liquidity Facility Agreement”) pursuant to which the Liquidity Facility Provider will make available to the Issuer a facility (the “Liquidity Facility”) which the Issuer can, subject to certain reductions and conditions, draw on to fund certain shortfalls in available funds (as described further under “ <i>Transaction Documents – Liquidity Facility Agreement</i> ” below).
Final redemption	Unless previously redeemed in full, the Notes are scheduled to be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in April 2011 (the “Expected Maturity Date”), provided that in any event, the maturity date of the Notes may not be later than the Interest Payment Date falling in April 2013 (the “Final Maturity Date”).
Mandatory redemption in part . . .	<p>Prior to the Final Maturity Date and the service of an Acceleration Notice in accordance with Condition 10, the Notes of each class (other than the Class X Notes) will be subject to mandatory <i>pro rata</i> or sequential redemption, as the case may be, in part out of Available Redemption Funds, which will be applied by the Issuer, on each Interest Payment Date, in redeeming Notes (other than the Class X Notes) in accordance with the Pre-Enforcement Principal Priority of Payments (see “<i>Cashflows</i>” below).</p> <p>The Class X Notes will not be subject to redemption prior to their maturity, mandatory redemption or the enforcement of the Notes, unless</p> <ul style="list-style-type: none"> (i) the principal balance of the Loans has been reduced to zero; or (ii) after payment in full of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes.
Optional redemption in whole . . .	<p>On any Interest Payment Date, the Issuer may, in accordance with Condition 7.4, provided that it has satisfied the Trustee that it has sufficient funds available to it, at its option, redeem all, but not some only, of the Notes at their then Principal Amount Outstanding, together with accrued interest (other than any Excess Interest Amount), in any of the following circumstances:</p> <ul style="list-style-type: none"> (i) any withholding tax is imposed in respect of payments to be made by the Issuer under the Notes or in respect of any payments to be made under the Swap Transactions or in respect of any payment by a Borrower under the Loans; and/or (ii) the aggregate Principal Amount Outstanding of the Rated Notes is less than or equal to 10 per cent. of the aggregate initial Principal Amount Outstanding of the Notes (other than the Class X Notes).
Redemption of Class X Notes . . .	The Class X Notes will be repaid from a separate account, the Class X Principal Account, which will be established on the Issue Date and into which the Issuer will make an initial deposit of €50,000. The Class X Notes, therefore, do not rank against any other class of Notes with respect to any principal amounts distributable from the Issuer Accounts (other than the Class X Principal Account) to such classes.
No purchase of Notes by the Issuer	The Issuer will not be permitted to purchase any of the Notes.

Interest rates on the Rated Notes (other than the Class X Notes)

Each class of Rated Notes (other than the Class X Notes) will initially bear interest, payable quarterly in arrear, calculated as the sum of Note EURIBOR (as determined in accordance with Condition 5.3) for three months deposits in Euro plus the relevant Margin.

The interest rate margins applicable to each class of Rated Notes will be as follows (each a “Margin”):

Class	Margin (% p.a.)
Class A Notes	0.21
Class B Notes	0.30
Class C Notes	0.50
Class D Notes	0.95
Class E Notes	1.375
Class F Notes	3.50

Interest amount on the Class R Notes

The interest on the Class R Notes (the “Class R Interest Amount”) will be all the Revenue Funds received by the Issuer during an Interest Period (save for the Interest Period ending immediately prior to the Final Maturity Date) less all amounts payable by the Issuer on the relevant Interest Payment Date pursuant to paragraphs (i) to (xxv) in the Pre-Enforcement Revenue Priority of Payments. No Class R Interest Amount will be payable on the Final Maturity Date and only the Principal Amount Outstanding in respect of the Class R Notes will be payable on such date in accordance with Condition 7.3. The interest payable on each Class R Note will be a *pro rata* share of the Class R Interest Amount based on the Principal Amount Outstanding of that Note.

Interest rate on the Class X Notes

The interest rate applicable to the Class X Notes from time to time will be the “Class X Interest Rate”. The Class X Interest Rate for any Interest Payment Date is the per annum rate equal to a percentage calculated as follows: (i) the product of (a) the aggregate outstanding principal balance of the Loans as of the beginning of the applicable Interest Period (after taking into account any write-offs of principal arising due to prepayments realised by the Master Servicer and/or the Special Servicer, as the case may be, on the Loans during the period from (and including) a Determination Date to (but excluding) the following Determination Date (the “Collection Period”) immediately preceding such Interest Period) and (b) the Class X Weighted Average Strip Rate (after taking into account any difference in interest accrual periods for the Loans and the Notes provided that, in relation to the first Interest Period, the interest accrual period for the Loans will be deemed to start on the Issue Date), divided by (ii) the Principal Amount Outstanding of the Class X Notes immediately prior to such Interest Payment Date.

The “Class X Weighted Average Strip Rate” with respect to any Interest Payment Date will be a per annum rate equal to the excess, if any, of (x) the Weighted Average Net Mortgage Rate for the applicable Interest Period over (y) the weighted average of the Note Rate of all of the Notes (other than the Class X Notes and the Class R Notes) (weighted on the basis of the respective Principal Amount Outstanding of such Notes immediately prior to the related Interest Payment Date).

The “Note Rate” means, in respect of each Class of Notes (other than the Class X Note and the Class R Notes) for each Interest Period, EURIBOR as determined as at the related Interest Determination Date plus the relevant Margin in respect of such class.

The “Weighted Average Net Mortgage Rate” with respect to any Interest Payment Date will be equal to the weighted average of the Net Mortgage Rates for the Loans weighted on the basis of their respective principal balances as of the beginning of the applicable Interest Period (after taking into account any write-offs of principal realised by the Master Servicer and/or the Special Servicer on the Loans during the Collection Period immediately preceding such Interest Period) and, in the case of the first Interest Payment Date, the Issue Date.

The “Net Mortgage Rate” for any Loan, with respect to any Interest Payment Date, will be equal to the related per annum interest rate on such Loan (which, with respect to each Loan that has a related Swap Transaction (including for the avoidance of doubt any blended Basis Swap Transactions), is the interest rate after giving effect to such Swap Transaction) less the Administrative Cost Rate.

The “Administrative Cost Rate” is equal to a variable rate, which, as of any Interest Payment Date, is the percentage equal to the product of (i) 360 and (ii) the fraction obtained by dividing (a) the Administrative Cost Factor by (b) the actual number of days in the relevant Interest Period for such Interest Payment Date. The Administrative Cost Rate represents, as of any date of calculation, the per annum rate at which Administrative Costs for any Interest Period accrue against the outstanding principal balance of the Loans. The Administrative Cost Rate for the first Interest Period is expected to be approximately 0.183 per cent. per annum.

The “Administrative Cost Factor” is, as of any Interest Payment Date, equal to the percentage obtained by dividing (i) the Administrative Fees for such Interest Payment Date by (ii) the outstanding principal balance of the Loans immediately after the preceding Interest Payment Date.

The “Administrative Costs” are, as of any Interest Payment Date, equal to the percentage obtained by dividing (i) the Administrative Fees for such Interest Payment Date by (ii) the outstanding principal balance of the Loans for such Interest Payment Date.

The “Administrative Fees” for the initial Interest Payment Date are expected to be approximately €300,000 and for any subsequent Interest Payment Date will be the sum of (i) all ordinary, recurring fees (including servicing fees, if any) plus VAT, if applicable, related to such Interest Payment Date plus (ii) any amounts in respect of any mandatory costs due to the Liquidity Facility Provider under the Liquidity Facility Agreement in excess of those amounts referred to under item (iii)(c) of the Pre-Enforcement Revenue Priority of Payments, any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation and any Liquidity Subordinated Amounts plus (iii) any amount payable in respect of the matters referred to in items (v), (vi), (xx) and (xxi) of the Pre-Enforcement Revenue Priority of Payments. The Administrative Fees are expected to be, on an annual basis, an amount equal to approximately €1,000,000 (most fees are expected to be paid on a quarterly basis, but orders may occur on differing

bases); however, if any current service provider is replaced by a successor service provider and such successor's fees are in excess of the prior service provider's fees or any amount as described above becomes payable to the Liquidity Facility Provider, the Administrative Fees will be increased to reflect such change. Administrative Fees for the purposes of calculating the Class X Interest Rate does not include any fees or expenses payable by the Issuer to any entity that are unusual or extraordinary in nature (other than those described above in relation to the Liquidity Facility Provider) including the repayment of Servicing Expenses, Liquidity Drawings and interest thereon.

Failure by the Issuer to pay interest on the Class X Notes will not result in an Event of Default or an enforcement of the Issuer Security.

Interest payable on the Class X Notes shall be referred to as the "Class X Interest Amount".

Interest payments

Interest will be payable on the Notes in Euros quarterly in arrear on the 30th day of January, April, July and October in each year or, if such day is not a Business Day, on the next Business Day (each an "Interest Payment Date"). For these purposes, "Business Day" means a day (other than Saturday and Sunday) on which (i) commercial banks are open for business and settle payments in Euros in London and (ii) the Trans European Automated Real-Time Gross Settlement Expenses Transfer (TARGET) System is open.

Interest on the Class D Notes, the Class E Notes and the Class F Notes

The payment of interest on the Class D Notes, the Class E Notes and the Class F Notes is subject to the deferral provisions set out in Condition 5.6, provided that if on any Interest Payment Date:

- (i) the amount of interest that would otherwise be due and payable in respect of the Rated Notes would not be paid in full out of the Revenue Funds available to the Issuer; and
- (ii) there has been a prepayment in respect of any Loan; and
- (iii) all interest has been paid when due under each Loan,

then the amount of interest remaining unpaid in respect of the Class D Notes, the Class E Notes and the Class F Notes after application of the Revenue Funds will not be due and will only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments on any subsequent Interest Payment Date (the aggregate of the amounts in respect of the Class D Notes being the "Excess Class D Interest Amount", in respect of the Class E Notes being the "Excess Class E Interest Amount" and in respect of the Class F Notes being the "Excess Class F Interest Amount", and together the "Excess Interest Amounts"). The general deferral provisions in Condition 5.6 will not apply to any Excess Interest Amount and any Excess Interest Amount will not themselves accrue interest.

Deferral of Interest

Subject to Condition 5.6, to the extent that funds available to the Issuer on any Interest Payment Date, after paying any interest then accrued due and payable on the class(es) of Notes then outstanding and ranking senior and any amounts ranking in priority thereto, are insufficient to pay in full interest otherwise due on any remaining one or more classes of Notes then outstanding, the shortfall in the amount then due will not be paid on such Interest Payment Date but will be deferred without triggering an Event of Default and will only be paid, in accordance with the relevant Priority of Payments, on subsequent 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 for each Interest Period they are outstanding and will be paid only to the extent that there are funds available on a subsequent Interest Payment Date in accordance with the relevant Priority of Payments (as described in "Cashflows" below).

Shortfall after application of Net Proceeds

Pursuant to Condition 2.3, if the net proceeds of the enforcement and/or realisation of the security under the Deed of Charge or from assets otherwise forming part of Compartment 1 of the Issuer (the "Net Proceeds") are not sufficient to make all payments which, but for the effect of Condition 2.3, would then be due to the Secured Creditors, then the obligations of the Issuer in respect of them will be limited to such Net Proceeds and not to the assets of any other Compartment of the Issuer or any other assets of the Issuer, which shall not be available for payment of any Shortfall arising therefrom. Any such Shortfall shall be borne by the Noteholders in inverse order of priority as set out in Condition 2.1.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and accordingly no debt shall be owed by the Issuer in respect of any Shortfall remaining after realisation of the security under Condition 2.2 and application of the Net Proceeds in accordance with the Deed of Charge. The Trustee, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank and the Registrar, any Noteholder and any other Secured Creditor may not take any further action to recover such Shortfall. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under Condition 10.

"Shortfall" means the difference between the amount of the Net Proceeds and the amount which would but for Condition 2.3 have been due to the Secured Creditors.

Interest Periods

The first Interest Period will run from (and including) the Issue Date to (but excluding) the Interest Payment Date falling in October 2006 and subsequent Interest Periods will run from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date. The Noteholders will be entitled to receive payment of interest only insofar as payment is permitted in accordance with the Pre-Enforcement Revenue Priority of Payments, as described in the section "Cashflows". Any interest not paid on the Notes when due will accrue interest (other than in respect of the Excess Interest Amounts and the Class X Interest Amount) and will be paid only to the extent that there are funds available on a subsequent Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments. However, to the extent that there is a Principal Deficiency (as defined in Condition 5.4) on a particular tranche of Notes, the Principal Amount Outstanding in respect of that class of Notes will be reduced and any such reduction will not accrue interest.

Issue price

Each class of the Notes will be issued at 100 per cent. of its aggregate initial Principal Amount Outstanding.

Withholding tax

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of tax unless such deduction is required by law.

If any withholding tax or other deduction is imposed in respect of the Notes, the Issuer will make payments subject to such withholding tax or other deduction and neither the Issuer nor any other entity will be required to pay any additional amount or otherwise compensate in respect thereof. See “*Taxation*” below.

Security for the Notes

The Notes will be secured pursuant to a deed of charge and assignment made between the Issuer, the Trustee and the other Secured Creditors (other than the Noteholders) and dated on or prior to the Issue Date (together with any deed supplemental thereto, the “Deed of Charge”).

The Trustee will hold the security granted under the Deed of Charge on trust for itself, any receiver, the Noteholders, the Paying Agents, the Agent Bank, the Swap Counterparty, the Corporate Services Provider, the Master Servicer, the Special Servicer, the Registrar, the Cash Manager, the Issuer Account Bank and the Liquidity Facility Provider (together, the “Secured Creditors”).

The Issuer will grant the following security interests under or pursuant to the Deed of Charge (the “Issuer Security”):

- (i) a first ranking assignment of its interest in the Direct Loan Pool;
- (ii) a first ranking assignment of its rights under the Transaction Documents to which it is a party;
- (iii) a first ranking assignment of its rights under the Direct Loan Intercreditor Agreements;
- (iv) a first fixed charge of its rights to all monies standing to the credit of the Issuer Accounts;
- (v) a first fixed charge of its interest in any Eligible Investments made by it or on its behalf;
- (vi) a first fixed charge of its interest in the SAGRES Notes and the SAGRES Security Deed; and
- (vii) a first floating charge over the whole of its undertaking and all of its property and assets, present and future, not already subject to the security mentioned above, other than any such assets, undertakings, property and rights located in any jurisdiction where such floating charge would not be recognised.

The security interests referred to in paragraphs (i) to (vi) above may take effect as floating security and thus rank behind the claims of certain preferential and other creditors. Upon the enforcement of the Issuer Security and service of an Acceleration Notice, payments in respect of each class of Notes will rank in accordance with the Post-Acceleration Priority of Payments (as described under “*Cashflows*” below).

The Issuer will also pledge the FCC Senior Notes and the FCC Residual Notes it purchases, together with its accounts into which the revenues and the proceeds attached to or derived from such notes are paid, in favour of the Trustee (as the beneficiary) pursuant to certain French law governed pledge agreements (the “French Pledge Agreements”).

The Class X Notes will be cash collateralised by amounts in the Class X Principal Account and funds standing to the credit of such account will only be applied in redeeming the Class X Notes.

Quarterly reporting

Quarterly reports will be produced by the Master Servicer (being appointed master servicer by the Issuer (in respect of each the Direct Loans), the FCC Management Company (in respect of the

Elancourt Loan and the FCC Elancourt Notes), the FCC Management Company (in respect of the Selaht Loan and the FCC Selaht Notes) and SAGRES (in respect of the Portuguese Loans and the SAGRES Notes) on a several basis) to the Cash Manager who will compile global reports taking into account the reports produced by the Master Servicer and Issuer cash flows not monitored by the Master Servicer.

The Master Servicer will be required to provide to the Cash Manager reports (the “Master Servicer Cash Reports”) at least three Business Days prior to each Determination Date but no earlier than two Business Days after the Loan Interest Payment Date in respect of the Sunrise Loan. The Master Servicer Cash Reports will contain details of, *inter alia*, the cashflows in relation to the Direct Loans, the French Loans, FCC Senior Notes, the Portuguese Loans and the SAGRES Notes for the Calculation Period then ended.

The Cash Manager will be required to compile a report (the “Cash Report”) on each Determination Date containing details of the amounts of Revenue Funds and Principal Receipts for the Calculation Period then ended together with details of the balances of each of the Issuer Accounts, the Principal Amount Outstanding of each class of Notes and details of the balances of the Principal Deficiency Ledgers.

The Master Servicer will be required to provide to the Cash Manager reports (the “Master Servicer Loan Pool Reports”) by the third Business Day after the Determination Date containing certain information regarding the performance of the Loan Pool for the Calculation Period then ended.

The Cash Manager will be required to compile a report (the “Loan Pool Report”) on or around the tenth Business Day after the Determination Date containing certain information (based on the Master Servicer Loan Pool Reports) regarding the performance of the Loan Pool for the Calculation Period then ended.

The Cash Manager will be required to provide to the Issuer, the Trustee, the Swap Counterparty and the Rating Agencies a completed report (the “Investor Report”) by the tenth Business Day after each Determination Date. Each Investor Report will include:

- (i) the information contained in the relevant Loan Pool Report; and
- (ii) details of payments made by the Issuer in respect of the Calculation Period and Interest Period then ended.

The Cash Manager will publish each Investor Report on its website (<http://sf.citidirect.com>).

The Cash Manager will be required to prepare and deliver to the Issuer and the Trustee certain standard Commercial Mortgage Securities Association (“CMSA”) reports with respect to each Loan (which together make up the “CMSA Investor Reporting Package”) by the tenth Business Day after each Determination Date, in respect of the immediately preceding Loan Interest Period, as more fully described in the section entitled “*Servicing – Quarterly Reporting*” below.

Principal Deficiency Ledgers

The Cash Manager will be required to maintain in the books of the Issuer certain ledgers (the “Principal Deficiency Ledgers”) in respect of each class of Rated Notes to record, by way of debit entry, from time to time the amount of Available Redemption

Funds applied on any Interest Payment Date in accordance with paragraph (i) of the Pre-Enforcement Principal Priority of Payments equal to the Senior Expenses Shortfall on such date, and/or the amount of principal losses in respect of outstanding Loans, being (i) the amount of any provisioned principal reduction agreed to by the Special Servicer in respect of a Loan after a valuation has been carried out on the instructions of the Special Servicer acting in accordance with the Servicing Agreement (taking into account any decrease in property value, valuation cost, enforcement cost and other administrative costs), and/or (ii) the amount of any loss (to the extent not already recorded pursuant to (i) above) of principal in respect of a Loan as notified to the Cash Manager and the Issuer by the Relevant Servicer following completion of all enforcement procedures in respect of that Loan (the amount of each entry, a “Loss”) in the following order of priority:

- (i) to the ledger designated the “Class F Principal Deficiency Ledger” until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class F Notes (ignoring any adjustments for Principal Deficiencies);
- (ii) to the ledger designated the “Class E Principal Deficiency Ledger” until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class E Notes (ignoring any adjustments for Principal Deficiencies);
- (iii) to the ledger designated the “Class D Principal Deficiency Ledger” until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class D Notes (ignoring any adjustments for Principal Deficiencies);
- (iv) to the ledger designated the “Class C Principal Deficiency Ledger” until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class C Notes (ignoring any adjustments for Principal Deficiencies);
- (v) to the ledger designated the “Class B Principal Deficiency Ledger” until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class B Notes (ignoring any adjustments for Principal Deficiencies); and
- (vi) to the ledger designated the “Class A Principal Deficiency Ledger” until the balance of that ledger is equal to the then Principal Amount Outstanding of the Class A Notes (ignoring any adjustments for Principal Deficiencies).

The amount of any Writebacks and any Revenue Funds applied as Deemed Principal Receipts will be applied as a credit entry to the Principal Deficiency Ledgers in the reverse order of priority to the above, until there is no debit balance on any of the Principal Deficiency Ledgers. For further information, see “Cashflows” below.

Governing law The Notes will be governed by English law.

FCC AND FCC RELATED PARTIES

FCC	FCC EuroProp (EMC) is a French <i>fonds commun de créances</i> (mutual debt fund) comprising, on the Issue Date, of two compartments, the Elancourt Compartment and the Selaht Compartment. The FCC and the FCC Compartments are governed by the provisions of Articles L. 214-5, L. 214-43 and L. 231-7 and Articles R. 214-92 to R. 214-115 of the French <i>Code monétaire et financier</i> , the General Regulations and each FCC Compartment by the relevant FCC Compartment Regulations. The FCC and each of the FCC Compartments shall be jointly established on the Issue Date by the FCC Custodian and the FCC Management Company.
FCC Custodian	BNP PARIBAS Securities Services is a limited liability company (<i>société anonyme</i>) with a share capital of EUR 165,279,835 incorporated under and governed by the laws of France, licensed as a credit institution (<i>établissement de crédit</i>) under the French <i>Code monétaire et financier</i> whose principal office is at 3, rue d'Antin, 75002 Paris, France and which is registered with the Trades and Companies Register (<i>Registre de Commerce et des Sociétés de Paris</i>) under number 552 108 011.
FCC Management Company	EuroTitrisation, a commercial company (<i>société anonyme</i>) with a share capital of EUR 684,000, is licensed and supervised by the French Financial Market Authority (<i>Autorité des Marchés Financiers</i>) in accordance with Article L. 214-47 of the French Monetary and Financial Code. The exclusive purpose of the Management Company is to manage French debt mutual funds (<i>fonds communs de créances</i>). The head office of the Management Company is located at 20, rue Chauchat, 75009 Paris. It is registered with the Trade and Companies Registry of Paris under number 353 458 368.
FCC Servicer	Citibank International plc will act as a servicer to the FCC (the "FCC Servicer") pursuant to Article L. 214-46 of the French Monetary and Financial Code and the terms of the relevant FCC Servicing Agreements.
FCC Special Servicer	Citibank International plc will act as a special servicer to the FCC (the "FCC Special Servicer") pursuant to Article L. 214-46 of the French Monetary and Financial Code and the terms of the relevant FCC Servicing Agreements.
FCC Liquidity Facility Provider . .	Lloyds TSB Bank plc
FCC Liquidity Facility Agreements	The FCC Management Company and the FCC Custodian will in accordance with Article L. 214-43 and R. 214-101 of the French Monetary and Financial Code enter into (i) a liquidity facility agreement with the FCC Liquidity Facility Provider in respect of the Elancourt Compartment (the "Elancourt Liquidity Facility Agreement") and (ii) a liquidity facility agreement with the FCC Liquidity Facility Provider in respect of the Selaht Compartment (the "Selaht Liquidity Facility Agreement") pursuant to which the FCC Liquidity Facility Provider will make available (subject to certain reductions and conditions) two separate facilities of approximately €500,000 each to the Elancourt Compartment and the Selaht Compartment which they can draw on to fund certain expenses shortfalls. For the avoidance of doubt, such facilities will not be used to fund any interest shortfalls.
FCC Account Bank	BNP PARIBAS Securities Services.
FCC Paying Agent	BNP PARIBAS Securities Services.

FCC Related Parties	The FCC Custodian, the FCC Management Company, the FCC Account Bank, the FCC Paying Agent, the FCC Liquidity Facility Provider, the FCC Servicer and the FCC Special Servicer are together referred to as the “FCC Related Parties”.
FCC Transaction Documents . . .	<p>On or around the Issue Date, the FCC Related Parties, among others, will enter into the following transaction documents (the “FCC Transaction Document”):</p> <ul style="list-style-type: none"> (i) the General Regulations; (ii) the FCC Compartment Regulations for each of the Elancourt Compartment and the Selaht Compartment; (iii) the Elancourt Mortgage Sale Agreement and the Selaht Mortgage Sale Agreement; (iv) the Elancourt Loan Servicing Agreement and the Selaht Loan Servicing Agreement; (v) the bank account and paying agency agreements for each of the Elancourt Compartment and the Selaht Compartment; (vi) the subscription agreements relating to the FCC Notes and the Units; (vii) the Elancourt Liquidity Facility Agreement and the Selaht Liquidity Facility Agreement; (viii) the French Pledge Agreements; and (ix) any other ancillary agreements relating to the issue of the FCC Notes.

PRINCIPAL FEATURES OF THE FCC NOTES

Status and form of the FCC Notes	<p>The FCC will issue FCC Class A1 Notes, FCC Class B1 Notes, FCC Residual Notes (by the Elancourt Compartment) and FCC Class A2 Notes (by the Selaht Compartment) pursuant to the General Regulations and the respective FCC Compartment Regulations on the Issue Date in an aggregate amount of €152,200,000 and in denominations of €50,000.</p> <p>The FCC Notes will be issued in registered form (<i>forme nominative</i>). Title to the FCC Notes will be evidenced in accordance with Article L. 211-4 of the French <i>Code monétaire et financier</i> by book entries (<i>inscription ens compte</i>). No certificates (including <i>certificates représentatifs</i> issued pursuant to Article R. 211-7 of the French <i>Code monétaire et financier</i>), global notes or physical documents of title will be issued in respect of the FCC Notes.</p>								
FCC Senior Notes, FCC Junior Notes and FCC Residual Notes . . .	<p>The FCC Junior Notes rank junior in all cases to the relevant FCC Senior Notes. The holders of the FCC Junior Notes will have certain rights to cure payment defaults of the relevant Borrower by subscribing for further junior notes issued by the FCC but they will remain a junior interest to that of the holders to the FCC Senior Notes.</p>								
Liability and limited recourse . . .	<p>In accordance with the provisions of Article L. 214-43 of the French <i>Code monétaire et financier</i>: “<i>Notwithstanding Article 2093 of the French Civil Code, and unless otherwise stipulated in the fund’s constituting documents, the assets of a given compartment may only be used to meet that compartment’s debts, commitments and obligations and only benefit from that compartment’s receivables</i>”. Therefore the FCC Notes issued in respect of the Elancourt Compartment and the Selaht Compartment respectively and interest thereon will not be obligations or responsibilities of any person other than the Elancourt Compartment or the Selaht Compartment. In particular, the FCC Notes will not be obligations or responsibilities of the FCC Related Parties and none of such persons accepts any liability whatsoever in respect of any failure by the relevant FCC Compartment to make payment of any amount due on the FCC Notes.</p>								
Interest on the FCC Notes	<p>The FCC Notes will bear interest, payable quarterly in arrear, calculated as the sum of EURIBOR for three month Euro deposits plus the relevant margin as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td>FCC Class A1 Notes</td> <td style="text-align: right;">0.688</td> </tr> <tr> <td>FCC Class A2 Notes</td> <td style="text-align: right;">1.008</td> </tr> <tr> <td>FCC Class B1 Notes</td> <td style="text-align: right;">3.5</td> </tr> <tr> <td>FCC Residual Notes</td> <td style="text-align: right;">0.0</td> </tr> </table> <p>The holder of the FCC Class A2 Notes and the FCC Residual Notes may also be entitled to an additional interest (the “FCC Residual Interest”) (if any).</p>	FCC Class A1 Notes	0.688	FCC Class A2 Notes	1.008	FCC Class B1 Notes	3.5	FCC Residual Notes	0.0
FCC Class A1 Notes	0.688								
FCC Class A2 Notes	1.008								
FCC Class B1 Notes	3.5								
FCC Residual Notes	0.0								
FCC Residual Interest	<p>The FCC Residual Interest will be paid on a quarterly basis by the relevant FCC Compartment.</p> <p>The FCC Residual Interest on the Class A2 Notes is an amount equal to the residual proceeds accruing from the Selaht Loan after payment of all other amounts including but not limited to fees, expenses and costs due from the Selaht Compartment on such interest payment date.</p> <p>The FCC Residual Interest on the FCC Residual Notes is an amount equal to the residual proceeds accruing from the Elancourt Loan after payment of all other amounts including but not limited</p>								

	to interest on the FCC Class A1 Notes and the FCC Class B1 Notes, fees, expenses and costs due from the Elancourt Compartment on such interest payment date.
Interest Payment Dates	Two business days following 16 January, April, July and October respectively.
Principal Amount Outstanding on Issue Date	FCC Class A1 Notes €73,450,000 FCC Class A2 Notes €60,000,000 FCC Class B1 Notes €18,650,000 FCC Residual Notes €100,000
Final Maturity Date	10 February 2013 (FCC Elancourt Notes) 16 November 2012 (FCC Selaht Notes)
Mandatory redemption	If the holder of the FCC Class B1 Notes is entitled to purchase the related Elancourt Loan from the Elancourt Compartment for a price equal to the outstanding principal balance plus accrued interest, expenses and any break costs that will be incurred by the Issuer upon termination in whole or part of any Swap Transactions as a result of the purchase, such amount will be used to redeem the FCC Class A1 Notes on a <i>pari passu</i> basis. Subject to the occurrence of an event of default under the FCC Notes or any FCC Compartment Liquidation Event (as defined below), all amounts received as principal receipts or principal recoveries on French Loans will be allocated to the applicable FCC Notes (amounts in respect of the Elancourt Loan being allocated to the FCC Elancourt Notes and the Selaht Loan to the FCC Selaht Notes). Amounts received as principal receipts or principal recoveries on the Elancourt Loan will be used to redeem notes of the same class on a <i>pari passu</i> basis with the FCC Class A1 Notes being repaid in full prior to any redemption of the FCC Class B1 Notes, and the FCC Class B1 Notes being repaid in full prior to any redemption of the FCC Residual Notes.
FCC Compartment Liquidation Events	In accordance with Articles L. 214-43 and Article R. 214-107 of the French Monetary and Financial Code and under each FCC Compartment Regulations, each of the following events shall constitute a “FCC Compartment Liquidation Event“: (i) the liquidation of the relevant FCC Compartment is in the interest of the holders of the Units and the FCC Notes; (ii) the aggregate principal outstanding amount of the unmatured French Loan (<i>créances non échues</i>) transferred to the relevant FCC Compartment falls below ten per cent (10%) of the maximum aggregate principal outstanding amount of the unmatured receivables initially acquired by the relevant FCC Compartment; or (iii) the Units and the FCC Notes issued by the relevant FCC Compartment are held by one holder only and the liquidation is requested by such holder.
Limited recourse	The FCC Notes are effectively pass-through securities and the FCC’s liability to make payment of the FCC Notes will be limited to proceeds received from the French Loans.
Transfer and selling restrictions	The FCC Notes will be subject to certain transfer and placement restrictions as set forth and described in “ <i>Description of the FCC Notes, SAGRES, the FCC Related Parties, the SAGRES Related Parties and the Purchased Notes</i> ” below.
Governing law	The FCC Notes will be governed by French law.
Tax status	For information on the tax status of the FCC Notes, see “ <i>Taxation – French Taxation relating to the FCC Notes</i> ” below.

SAGRES AND SAGRES RELATED PARTIES

SAGRES	SAGRES – Sociedade de Titularização de Créditos S.A., a limited liability company incorporated under the laws of Portugal, as a special purpose vehicle for the purposes of issuing asset-backed securities, with share capital of €250,000 and having its registered office at Rua Barata Salgueiro No. 30, 4, 1269-056 Lisbon, Portugal and registered with the Commercial Registry of Lisbon under number 13589 with tax number 506 561 461.
SAGRES Cash Manager	Citibank, N.A., London Branch (in this capacity the “SAGRES Cash Manager”). The SAGRES Cash Manager will establish and operate the SAGRES Account (as defined below) in accordance with the terms of a cash management agreement entered into on or about the Issue Date (the “SAGRES Cash Management Agreement”) and will make all payments in respect of the SAGRES Notes.
SAGRES Related Parties	The Master Servicer, the Special Servicer, the SAGRES Cash Manager and the SAGRES Account Bank (the “SAGRES Related Parties”).
SAGRES Transaction Documents .	The following transaction documents (the “SAGRES Transaction Documents”) will be entered into by, <i>inter alia</i> , SAGRES on or around the Issue Date: <ul style="list-style-type: none">(i) the SAGRES Mortgage Sale Agreement;(ii) the SAGRES Servicing Agreement;(iii) the SAGRES Security Deed;(iv) the SAGRES Cash Management Agreement; and(v) the SAGRES subscription agreement.

PRINCIPAL FEATURES OF THE SAGRES NOTES

SAGRES Notes	SAGRES will issue the SAGRES Notes.
Form and denomination	The SAGRES Notes will be issued in registered and certificate form in minimum denominations of €100,000 and integral multiples thereof.
Status and Form	The SAGRES Notes will constitute direct limited recourse obligations of SAGRES and will benefit from the statutory segregation provided by the Portuguese Securitisation Law and the security interests over the account in the name of SAGRES held with the SAGRES Account Bank (the “SAGRES Account”) provided by the SAGRES Security Deed.
Limited recourse	The SAGRES Notes and interest thereon will not be obligations or responsibilities of any person other than SAGRES. In particular, the SAGRES Notes will not be obligations or responsibilities of the SAGRES Related Parties and none of such persons accepts any liability whatsoever in respect of any failure by SAGRES to make payment of any amount due on the SAGRES Notes.
Statutory segregation and security for the SAGRES Notes	The SAGRES Notes and other obligations of SAGRES under the SAGRES Transaction Documents owing to the SAGRES Noteholder: <ul style="list-style-type: none"> (i) will have the benefit of the statutory segregation provided by the Portuguese Securitisation Law; and (ii) will be secured by English law first ranking security over the SAGRES Account created pursuant to the SAGRES Security Deed.
Interest on SAGRES Notes	The SAGRES Notes bear a floating rate of interest, payable quarterly in arrear, calculated as the sum of the interest rate under the Portuguese Loans plus 0.32 per cent. per annum. The SAGRES Noteholder may also be entitled to an additional interest (“SAGRES Residual Interest”), on a quarterly basis, being an amount equal to the residual proceeds accruing from the Portuguese Loans after payment of all other amounts including but not limited to fees, expenses and costs due from SAGRES on such interest payment date.
Principal Amount Outstanding on Issue Date	€22,500,000
Interest Payment Dates	Two business days following 16 January, April, July and October respectively.
Final Maturity Date	22 December 2012
Limited recourse	The SAGRES Notes are effectively pass through securities and SAGRES’ liability to make payment of the SAGRES Notes will be limited to proceeds received from the Portuguese Loans.
Taxation relating to the SAGRES Notes	For information on the tax status of the SAGRES Notes, see “ <i>Taxation – Portuguese Taxation relating to the SAGRES Notes</i> ” below.
Mandatory redemption	All amounts received as principal receipts or principal recoveries on the Portuguese Loans will be allocated to repay the principal under the SAGRES Notes.
Asset Code	The CMVM has assigned asset code 200606SGRCITNXXN0005 to the SAGRES Notes.
Governing law	The SAGRES Notes will be governed by Portuguese law.

RISK FACTORS

The following is a summary of certain aspects of the Notes and the related transactions about which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should read the detailed information set out in this Prospectus and reach their own views prior to making any investment decision.

Considerations Relating to the Issuer and the Notes

Liability under the Notes

The Notes will be the sole obligations of the Issuer. The Notes will only be capable of being satisfied and discharged from the assets of Compartment 1 of the Issuer and not from any other Compartment of the Issuer or from any other assets of the Issuer and will not be the responsibility of, or guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Swap Counterparty, the Finance Parties, the Managers, the Paying Agents, the Registrar, the Agent Bank, the Master Servicer, the Special Servicer, the Cash Manager, the Sellers, the Issuer Account Bank, the Liquidity Facility Provider or the Corporate Services Provider or any other company in the same group of companies as, or affiliated to, any of such entities.

Limited resources of the Issuer

The Notes will be full recourse obligations of the Issuer. However, the assets of the Issuer will themselves be limited. The ability of the Issuer to meet its obligations under the Notes will be dependent primarily upon the receipt by it of principal and interest from the Borrowers under the Loans (see further “– Considerations relating to the Loans and the Related Security” and “– Considerations relating to the Properties” below), the receipt by it of principal and interest under the FCC Senior Notes and SAGRES Notes, the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement, the receipt of funds from the Swap Counterparty and the receipt of funds under the Security Agreements. 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 and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes.

Upon enforcement of the Issuer Security for the Notes, the Trustee or any receiver will have recourse only to the assets of the Issuer (comprising, principally, the FCC Senior Notes, the SAGRES Notes, the Direct Loan Pool and the Issuer’s interest in the Direct Loan Pool Security). Other than the buy-back provisions in the Mortgage Sale Agreements for breach of warranty, neither the Issuer nor the Trustee will have any recourse to the Sellers. It should be noted that, upon acceleration of the Issuer Security, the Issuer will not be able to make any further drawings under the Liquidity Facility Agreement.

Limitations on recourse to other Compartments of the Issuer

The Issuer is established as a securitisation company (*société de titrisation*) within the meaning of the Securitisation Law, which provides that the rights of creditors against the Issuer whose claims have arisen in relation to a specific Compartment of the Issuer are, as a general rule, strictly limited to the net assets of such Compartment without any recourse to the assets of any other Compartment of the Issuer or any other assets of the Issuer.

Further, pursuant to the Securitisation Law, the proceeds of a Compartment are, as a general rule, available only for distribution to creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that specific Compartment or have been properly allocated thereto. A creditor of the Issuer may have claims against the Issuer in respect of liabilities or obligations which arise in connection with more than one Compartment, in which case the claims in respect of each individual Compartment will be limited to the assets of such Compartment only.

Noteholders will accordingly have recourse only to the assets of Compartment 1 of the Issuer and not to the assets of any other Compartment of the Issuer or any other assets of the Issuer. At the Issue Date, Compartment 1 will comprise all of the assets of the Issuer. For so long as the Notes remain outstanding, the Issuer will not be permitted to issue securities in respect of any Compartment of the Issuer except Compartment 1 in relation to the issue of the Notes unless the requirements contained in Condition 3.1 of the Notes have been satisfied. These include (i) the Trustee having consented thereto subject to such conditions as the Trustee may impose and (ii) the Rating Agencies having

confirmed in writing to the Trustee that the then current ratings of the Notes would not be adversely affected thereby.

Consequences of winding-up proceedings

If the Issuer fails for any reason to meet its obligations or liabilities to a creditor who has not agreed not to make an application for the commencement of winding-up or similar proceedings against the Issuer, such creditor may be entitled to make an application for the commencement of insolvency proceedings against the Issuer.

The commencement of such proceedings may entitle creditors to terminate contracts with the Issuer and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Issuer's assets being realised and applied to pay the fees and costs of the liquidator, debts preferred by law and debts payable in insolvency, before any surplus is distributed to the holders of debt securities. In the event of proceedings being commenced, the Issuer may not be able to pay the amounts anticipated by the Conditions.

Compartments of the Issuer may be liquidated separately without such liquidation resulting in the liquidation of the Issuer itself or any other compartment.

Luxembourg taxation regime

The Issuer is a securitisation company incorporated by virtue of the law dated 22 March 2004 on securitisation (the "Securitisation Law"). The Securitisation Law sets forth a specific tax regime benefiting securitisation undertakings, including securitisation companies created under the Securitisation Law, such as the Issuer.

On 13 February 2006, the EU Commission (the "Commission") wrote to the Luxembourg Government, requesting information from it in respect of the Securitisation Law and the Luxembourg law on investment companies in risk capital (SICAR) (Law of 15 June 2004) as regards the compatibility of these laws with European legislation relating to the provision of state aid.

If the Commission determines that a legislative regime is in breach of EU legislation relating to the provision of state aid, it could (as a worst case scenario) require that such legislation be repealed, depending upon the circumstances. In addition, the Commission could require that such legislation be repealed with retrospective effect.

Given that the process remains at a very preliminary stage, it is impossible to assess the impact, if any, of the Commission's request for information made to the Luxembourg Government.

Even if the tax regime provided for in the Securitisation Law were repealed, it is unlikely that this would have a material adverse effect on the funds available to the Issuer to satisfy its obligations under the Notes. The most likely consequence of a repeal of the Securitisation Law is that the Issuer would be required to make an annual tax payment of €62. However, there would be no impact on the tax deductibility of interest served by the Issuer under the Notes. The Issuer's reserves have been determined so as to take account of a minimal tax charge applying to the vehicle if the existing zero tax regime is altered as a result of this investigation.

Yield and prepayment considerations

The yield to maturity of the Rated Notes of each class will directly or indirectly depend on, among other things, the amount and timing of payments of principal (including prepayments, sale proceeds arising on enforcement of a mortgage and purchases due to breaches of warranties) on the Loans.

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

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 the 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.

See the section entitled "Estimated Average Life of the Rated Notes and Assumptions".

Source of funds for redemption in full of the Rated Notes

The ability of the Issuer to redeem all the Rated Notes in full (whether before or after any Event of Default (as defined in Condition 10) under the Rated Notes) while any of the Loans are still outstanding will depend upon whether the outstanding Loans can be sold or otherwise realised so as to obtain an amount sufficient to redeem the Rated Notes directly or indirectly by redemption of the FCC Senior Notes, the FCC Residual Notes and the SAGRES Notes. There is currently only a limited secondary market for commercial mortgage loans and related security in Germany, France, Belgium, Portugal and Sweden. Therefore, none of the Issuer, the FCC, SAGRES or the Trustee may be able to sell the Loans on appropriate terms should it be required to do so. In addition, the FCC Compartments may only sell the Elancourt Loan or the Selaht Loan in limited circumstances provided for under Articles R. 214-104 to R. 214-108 of the French *Code monétaire et financier*. SAGRES may only sell the Portuguese Loans in limited cases as provided for under the Portuguese Securitisation Law.

Limited resources of the Issuer and its effect on the Class X Notes

The ability of the Issuer to meet its obligations under the Notes will be dependent on the receipt by it of principal and interest from the Borrowers under the Loans and the receipt of funds (if due) from the Swap Counterparty under the Swap Transactions. In addition, the Issuer will have available to it (subject to satisfaction of the conditions for drawing) drawings under the Liquidity Facility Agreement. Other than the foregoing, prior to the enforcement of the Issuer Security, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and in respect of making any payment ranking in priority to, or *pari passu* with, the Notes.

The junior classes of Notes in particular may be adversely affected by high levels of principal prepayments and/or defaults on the Loans. In addition, an effect of the Class X Notes will be that if the Issuer is required to pay any fees, costs and expenses, whether to a Secured Creditor or to a third party creditor, that are unusual and extraordinary in nature (including the repayment of any Servicing Expenses, Liquidity Drawings or Liquidity Stand-by Drawings and the payment of interest on any of them) then, to the extent that such fees, costs and expenses cannot be recouped from the relevant Borrower prior to the following Interest Payment Date, a shortfall in funds necessary to pay interest on the then junior classes of Notes will occur.

Absence of secondary market; limited liquidity for Notes

There is not, at present, an active and liquid secondary market for the Notes, and there can be no assurance that a secondary market for the Notes will develop. Even if a secondary market does develop, it may not continue for the life of the Notes or it may leave Noteholders with illiquidity of investment. Illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. 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. Any class of Notes may experience illiquidity, although generally illiquidity is more likely to occur in respect of classes that are especially sensitive to prepayment, credit or interest rate risk, or that have been structured to meet the investment requirements of limited categories of Noteholders.

Ratings of Rated Notes

The ratings assigned to each class of Rated Notes by the Rating Agencies are based on the Loan Pool and other relevant structural features (including the available funds cap mechanism described below) of the transaction, including, among other things, the long or short term, unsecured and unsubordinated debt ratings of the Issuer Account Bank, the Liquidity Facility Provider and the Swap Counterparty. These ratings reflect only the views of the Rating Agencies.

The Class D Notes, the Class E Notes and the Class F Notes are subject to an available funds cap mechanism which caps interest payable on the Class D Notes, the Class E Notes and the Class F Notes at the interest available from the then outstanding Loans in the Loan Pool. Therefore, any interest shortfall arising from prepayments or repayments of the Loans, being the Excess Class D Interest Amounts and/or the Excess Class E Interest Amounts and/or the Excess Class F Interest Amounts, will not be due to the Noteholders at that time or in the future and will not accrue interest. Any Excess Interest Amount will only become payable by the Issuer if there are sufficient

Revenue Funds available in accordance with the relevant Priority of Payments on any subsequent Interest Payment Date.

The ratings address the likelihood of full and timely payment to the Class A Noteholders, the Class X Noteholder, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders of all payments of interest (other than the Excess Interest Amount) on the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on each Interest Payment Date and the full and ultimate payment of principal in respect of such Notes on the Final Maturity Date. A security rating is not a recommendation to buy, sell or hold securities and will depend, among other things, on certain underlying characteristics of the Issuer's business from time to time. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies (or any of them) as a result of changes in or unavailability of information or if, in any Rating Agency's judgement, 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 any class of Notes.

Rating agencies other than the Rating Agencies may seek to rate the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes without having been requested to do so by the Issuer, and if such "unsolicited ratings" are lower than the comparable rating assigned to the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes by the Rating Agencies, such shadow ratings could have an adverse effect on the value of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. For the avoidance of doubt and unless the context otherwise requires any references to "ratings" or "rating" in this Prospectus are to solicited ratings assigned by the Rating Agencies only. Future events also, including but not limited to events affecting the Loan Pool and/or the office or retail or other commercial borrower market generally, could have an adverse impact on the ratings of the Class A Notes and/or the Class X Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes.

Ratings confirmation

Where a particular matter (including the determination of material prejudice by the Trustee and changes to certain of the operational covenants) involves the Rating Agencies being requested to confirm the then current ratings of the Rated Notes, such confirmation may or may not be given at the sole discretion of the Rating Agencies. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agencies cannot provide their confirmation in the time available or at all, and they will not be responsible for the consequences thereof. No assurance can be given that any such confirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of the holders of the Class A Notes and/or the Class X Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes.

Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Notes form part since the Issue Date. A confirmation of ratings represents only a restatement of the opinions given at the Issue Date and cannot be construed as advice for the benefit of any parties to the transaction or as confirmation that an event or amendment is in the best interests of, or not materially prejudicial to the interests of the holders of the Rated Notes. No assurance can be given that a requirement to seek ratings confirmation will not have a subsequent impact upon the business of the Issuer.

Limited rights of 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 (save for the giving of a Class X Consent Notice), will not be permitted to vote on any Extraordinary Resolutions and cannot become the Controlling Creditor. In addition, the Class X Noteholder will not be able to direct an enforcement of the Issuer Security by the Trustee.

"Class X Consent Notice" means a notice in writing given by the Class X Noteholder to the Trustee to sanction an Extraordinary Resolution of any other class of Noteholders.

“Extraordinary Resolution” means a resolution passed at a meeting of the holders of the Rated Notes (except the Class X Notes) duly convened and held in accordance with the provisions contained in the Trust Deed.

Status and priority of the Rated Notes

On each Interest Payment Date, prior to the enforcement of the Issuer Security, Available Redemption Funds will be applied in or towards redeeming the Principal Amount Outstanding of the Rated Notes in accordance with the Pre-Enforcement Principal Priority of Payments. Prior to the occurrence of a Sequential Payment Trigger, there may be circumstances under which repayments of principal in respect of the Class F Notes would rank ahead of repayments of principal in respect of other more senior classes of Rated Notes.

See the section headed “*Cashflows – Pre-Enforcement Principal Priority of Payments*” below for details.

Fees and expenses

The fees of the Master Servicer, the Special Servicer and the Trustee have been, or will be, fixed in the agreements with the Issuer to which they are or may become a party. However, the fees of the auditors and other parties have not been fixed and the Master Servicer and the Trustee can charge their properly incurred out-of-pocket expenses to the Issuer. In addition, should it become necessary to appoint a substitute Master Servicer, substitute Special Servicer and/or Trustee then the relevant fees may be higher than those currently in place. As a result, the expenses of the Issuer may be materially higher in a particular Interest Period than in other Interest Periods. Payments of such fees and expenses will be made by the Issuer in accordance with the relevant Priority of Payments and will be made in priority to amounts due to the Noteholders and therefore payment of any such fees may reduce amounts payable to the Noteholders.

The FCC Compartments and SAGRES are liable to make payments relating to certain fees and expenses in priority to amounts due on the FCC Notes and the SAGRES Notes respectively. Such fees and expenses are not subject to a cap and as a result, to the extent that such expenses shortfall cannot be adequately funded by the relevant FCC Compartment or SAGRES, amounts received by the Issuer as a noteholder of the relevant FCC Notes or SAGRES Notes may be reduced. This will in turn affect the amounts available to pay the Noteholders.

Income and Principal Deficiency

If there are any income or principal deficiencies, then either of the following consequences may arise:

- (i) the interest and other income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, the interest due on each class of Rated Notes; and/or
- (ii) there may be insufficient funds to redeem each class of Rated Notes prior to or at any time on or after the Final Maturity Date.

To the extent that there is a Principal Deficiency on a particular tranche of Notes, the principal amount outstanding in respect of that class of Notes will be reduced and any such reduction will not accrue interest, as further described in Condition 5.4 and in Condition 7.3 below.

Principal Deficiencies will be reduced by any Writebacks (as defined below under “*Cashflows*” below) and by the subsequent application of Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments, which provides that, subject to the payment of prior ranking obligations, Revenue Funds will be first credited to the Class A Principal Deficiency Ledger and secondly (once the balance on the Class A Principal Deficiency Ledger is reduced to nil) to the Class B Principal Deficiency Ledger and thirdly (once the balance on the Class B Principal Deficiency Ledger is reduced to nil) to the Class C Principal Deficiency Ledger and fourthly (once the balance on the Class C Principal Deficiency Ledger is reduced to nil) to the Class D Principal Deficiency Ledger and fifthly (once the balance on the Class D Principal Deficiency Ledger is reduced to nil) to the Class E Principal Deficiency Ledger and sixthly (once the balance on the Class E Principal Deficiency Ledger is reduced to nil) to the Class F Principal Deficiency Ledger. Revenue Funds credited to a Principal Deficiency Ledger will be treated as Deemed Principal Receipts and applied as described in “*Cashflows*” below.

Any Writebacks will be applied to reduce any debit balance of the Principal Deficiency Ledgers in the same order of priority as the application of Revenue Funds described above (and such amounts will be Available Redemption Funds).

Deferral of payments of interest

The Issuer may not have sufficient funds to pay in full interest otherwise due on any one or more classes of the Rated Notes then outstanding on a Interest Payment Date (which for the avoidance of doubt, does not include any Excess Class D Interest Amount and the Excess Class E Interest Amount). The shortfall in the amount then due will not be paid on such Interest Payment Date but will be deferred without triggering an Event of Default and will only be paid, in accordance with the relevant Priority of Payments, on subsequent Interest Payment Dates if and when permitted by subsequent cashflows which are available after the Issuer's higher priority liabilities have been discharged. Such deferred amount will be paid only to the extent that there are funds available on a subsequent Interest Payment Date in accordance with the relevant Priority of Payments.

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 and certain other conditions) make available to the Issuer the €44,360,000 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 7 per cent. of the outstanding principal balance of the Loans at any time, provided that such amount shall not be less than €3,500,000 at any time. Subject as provided below, the Liquidity Facility will be available to the Issuer where there is a shortfall in the Revenue Funds to pay in full on any Interest Payment Date any of the items specified in (i) to (vii) (inclusive), (ix), (xi), (xiii), (xv) and (xvii) of the Pre-Enforcement Revenue Priority of Payments. 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 from and including the Issue 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.

The amount available to be drawn under the Liquidity Facility due to a non-payment in respect of a Loan may, if followed by an Appraisal Reduction in respect of such Loan, be reduced such that insufficient funds may be available to the Issuer to pay in full interest due on the Notes. See further "*Transaction Documents – Liquidity Facility Agreement*" below.

Trust Deed

The Notes will be constituted pursuant to the Trust Deed. Pursuant to the terms of the Trust Deed, the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. The Noteholders shall have the power (exercisable by an Extraordinary Resolution of each class of Notes except the Class X Notes) to remove any trustee or trustees for the time being under the Trust Deed. The Issuer undertakes that it will use all reasonable endeavours to procure a new trustee to be appointed as soon as reasonably practicable after the Trustee under the Trust Deed retires or is removed. The retirement or removal of any such trustee will not become effective until a successor trustee is appointed. If a successor trustee has not been appointed within two months after the date of the notice of retirement of the Trustee, then the retiring Trustee may appoint its own successor trustee.

Conflict of interests between classes of Noteholders

The Trustee will be required, in performing its duties 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. For all purposes when the Trustee performs its duties under the Trust Deed

and/or the Deed of Charge, the interests of individual Noteholders will be disregarded and the Trustee will determine interests viewing the holders of any particular class of Notes as a whole.

Certain decisions by the Trustee

The Trustee will be entitled to agree, without the consent of the Noteholders of any class nor, in respect of (ii) below, any other Secured Creditors, (i) to any modification (including a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach by the Issuer of, any of the provisions of the Notes of such class (including the Conditions) or any of the Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Notes then outstanding or (ii) to any modification (including a Basic Terms Modification) of the Notes of such class (including the Conditions) or any of the Transaction Documents to which it is a party, which in the Trustee's opinion is to correct a manifest or proven error or is of a formal, minor or technical nature.

In respect of each class of Notes, the Trustee may also, without the consent of the Noteholders of such class, determine that any Event of Default or any condition, event or act which, with the giving of notice and/or lapse of time and/or the issue of a certificate and/or the making of any determination, would constitute an Event of Default will not, subject to specified conditions, be treated as such (but the Trustee may not make any such determination or any such waiver or authorisation of any such breach or proposed breach of the Notes (including the Conditions) or any of the Transaction Documents in contravention of an express direction of the Noteholders given by Extraordinary Resolution or a request under Condition 10 or Condition 11). Any such modification, waiver, authorisation or determination will be binding on the Noteholders of each such class, and, unless the Trustee agrees otherwise, any such modification will be notified to such Noteholders in accordance with Condition 15 as soon as practicable thereafter.

The Trustee will be entitled to take into account, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Conditions or any of the Transaction Documents in respect of a particular class of Rated Notes, any confirmation by any Rating Agency (if available) that the then current ratings of such class of Rated Notes would not be adversely affected by such exercise. However it should be noted that a decision by the Rating Agencies not to downgrade the Rated Notes does not indicate that the action taken by the Trustee would not be prejudicial to the interests of the Noteholders.

Indemnification and exoneration of the Trustee

Each of the Trust Deed and the Deed of Charge will contain provisions governing the responsibility (and relief from responsibility) of the Trustee, and providing for its indemnification in certain circumstances. These will include provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to its satisfaction.

The Trustee and its related companies will be entitled to enter into business transactions with, *inter alios*, the Issuer and Master Servicer, and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Master Servicer or by a clearing organisation or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Trust Deed will provide that the Trustee will be under no obligation to make any searches, enquiries or independent investigations of title in relation to any of the properties secured by the mortgages.

The Trustee will be entitled to accept and rely on reports from professional advisers notwithstanding that the terms of engagement may contain limitations (including financial limitations) on the liability of the relevant professional adviser and notwithstanding that such reports may not be addressed to the Trustee.

Reliance on the Swap Counterparty

The Issuer will enter into a novation of an existing fixed/floating swap transaction entered into between Citibank, N.A., London Branch and the First Seller under the Nawon Loan on a *pro rata* basis and two new fixed/floating swap transactions in respect of the Sunrise Loan and the Nibelung Loan so that the notional amount of the new fixed/floating swap transactions reflects the principal

amount of the Nawon Loan, the Sunrise Loan and the Nibelung Loan being acquired by the Issuer. The underlying payment obligations in respect of these three Loans from the relevant Borrowers are determined on a fixed rate basis while each class of Notes (except the Class R Notes and the Class X Notes) bears interest at a rate based on three month EURIBOR plus a margin. The Loan Interest Periods under the Loans will not match the Interest Periods under the Notes. In order to hedge interest rate risk in respect of (i) the Loans in the Loan Pool, (ii) the FCC Senior Notes and the FCC Residual Notes and (iii) the SAGRES Notes, the Issuer and the Swap Counterparty will enter into the Basis Swap Transactions under the Swap Agreement. In order to hedge currency risk on the Bastuban Loan the Issuer and Swap Counterparty will enter into the Currency Swap Transaction. There can be no assurance, however, that the Basis Swap Transactions and/or the Fixed/Floating Swap Transactions and/or the Currency Swap Transaction will adequately address unforeseen interest or currency rate hedging risks.

If the Issuer fails to make payments of amounts due and payable under the Swap Transactions in accordance with the terms of the Swap Agreement, then it will have defaulted under the relevant transaction. The Swap Counterparty is only obliged to make payments to the Issuer as long as the Issuer complies with its obligations under the relevant transaction. If the Swap Counterparty is not obliged to make payments, or defaults in its obligations to make payments to the Issuer on the payment date under the relevant transactions, the Issuer will be exposed to any changes in the relevant rates of interest or currency (as applicable). Unless a replacement swap transaction is entered into following such default, the Issuer may have insufficient funds to make payments under the Rated Notes.

If the Swap Transactions terminate early, then the Issuer may be obliged to make a termination payment to the Swap Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make a termination payment under the relevant Swap Transaction, nor can there be any assurance that the Issuer will be able to enter into a replacement swap transaction, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Rated Notes by the Rating Agencies.

The Issuer may be liable to pay an amount calculated by reference to the change in the mark to market value of the Swap Transactions following any adjustment to the notional amount of the Swap Transactions pursuant to the terms thereof.

The risks described in this paragraph also apply to the Loan Hedging Arrangements of the Borrowers.

Termination of the Swap Transactions

Any termination payment due from the Issuer to the Swap Counterparty on termination of a Swap Transaction (except following a default by, or ratings downgrade of, the Swap Counterparty) and any related costs will rank ahead of all payments due to the Noteholders. In addition, any payment due from the Issuer to the Swap Counterparty following a redemption of the Notes will rank ahead of all payments due to the Noteholders. The Issuer may not have sufficient funds available to it to make any such termination payment or additional payment, but if it does make such termination payment or additional payment, this may affect its ability to make subsequent payments in respect of the Notes.

If a Swap Transaction is terminated by reason of an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the defaulting party or by reason of an Additional Termination Event (as defined under the Swap Transactions) following a ratings downgrade of the Swap Counterparty, and the relevant termination payment is payable by the Issuer to the Swap Counterparty, the Issuer's obligation to make such payment will be subordinated to its obligations in respect of the Rated Notes.

Currency Swap Transaction

The Issuer and the Swap Counterparty will enter into the Currency Swap Transaction to hedge the risks of receiving Swedish Krona on the Bastuban Loan. The Currency Swap Transaction will have an amortisation profile which matches the amortisation schedule of repayments on the Bastuban Loan. However, in the event of any early repayment of principal on the Bastuban Loan in excess of the scheduled amortisation amounts, this will effectively result in a partial termination of the Currency Swap Transaction and depending on the currency exchange rate of SEK/€, interest rates and cross-currency basis swap rates at such time there may be termination payments due from the

Issuer to the Swap Counterparty. Since under the terms of the Bastuban Loan the Issuer has no right to claim an indemnity or otherwise recover costs from the Borrower in respect of any additional swap termination payments due from the Issuer (nor is it obliged to account for any swap termination receipts it may receive from the Swap Counterparty) the Issuer will itself have to bear the costs of such termination payments and such termination payments will rank ahead of all payments due to the Noteholders. The Issuer may not have sufficient funds available to it to make any such termination payment, but if it does make such termination payment, this may affect its ability to make subsequent payments in respect of the Notes.

Considerations Relating to the Loans and the Related Security

Non-payment by Borrowers

The Issuer's ability to make payments due under the Notes and in respect of its operational and administrative expenses will be, directly or indirectly, dependent primarily upon it, the FCC and SAGRES receiving payments from the Borrowers in respect of the Loans in the Loan Pool and its ability, if necessary, to realise the Related Security and other Related Security. Such payments are subject to credit and interest rate risks (see the sections headed "*Transaction Documents – The Swap Agreement*" and "*Credit Structure*" below).

Matters which may influence mortgage delinquency rates, prepayment rates, repossession and receivership frequency and ultimate payment of interest and principal include, but are not limited to, changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investment, political developments and government policies. In respect of any Borrower that is a landlord of the relevant Property, the financial condition of the tenant may also impact on the ability of the Borrower to repay the relevant Loan. In addition, if any Borrower defaults in circumstances where property values in Germany, France, Belgium, Portugal or Sweden are generally depressed then the proceeds of any enforcement action against the Borrower in connection with its Related Security may be reduced and this could adversely affect the Issuer's ability to make payments due under the Notes.

If, upon non-payment by Borrowers and the exercise of all available remedies under the Loan Pool, the Issuer, the FCC and SAGRES do not receive the full amount due by those Borrowers, then the Issuer's income may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on each class of the Notes. If there is a debit balance in any of the Principal Deficiency Ledgers as at the Final Maturity Date, the holders of the relevant class(es) of Notes may receive by way of principal repayment less than the face value of their Notes.

Prepayment of the Loans

Borrowers may be obliged, in certain circumstances, to prepay a Loan in whole or in part prior to the maturity date of such Loan (the "Loan Maturity Date"). These circumstances include, in certain of the Credit Agreements, on disposal of all or part of a relevant Property, on a change of control of a Borrower and where it would be unlawful for the Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the relevant Loan. Certain of these events are beyond the control of the Borrowers, the FCC, SAGRES and the Issuer. Any such prepayment may result in the Notes being prepaid earlier than anticipated.

Issuer's Indirect Rights to the Related Security

Following the sale of the French Loans and the Portuguese Loans by the relevant Seller, the FCC and SAGRES, as applicable, will become the holder of such Loans and their Related Security. The Issuer will purchase notes backed by such Loans and Related Security which are issued by the FCC and SAGRES and will only acquire indirect access to such Related Security. Upon the occurrence of a payment default under the relevant Credit Agreement only the FCC or SAGRES, as the case may be, and not the Issuer, will be entitled to enforce the relevant Related Security.

The FCC and SAGRES will enter into separate servicing agreements under which Citibank International plc will be appointed as the initial Master Servicer and Special Servicer. Each of the Master Servicer and the Special Servicer must act in accordance with the Servicing Standard at all times to ensure the maximisation of recovery of funds in respect of the relevant Loans, including taking steps to enforce the relevant Related Security.

Operating Adviser, Controlling Creditor and Intercreditor Issues

Direct Loans

Under the terms of the Servicing Agreements in respect of the Whole Direct Loans, the Controlling Creditor (as determined in accordance with such agreements) will have the right to appoint an Operating Adviser. The Operating Adviser will have the right to be consulted by the Special Servicer before the Special Servicer takes certain actions in respect of a Loan including, amongst other things, appointing an insolvency official, waiving or amending any material term of the finance documents or releasing any security. The Operating Adviser will also have the right to propose courses of action to the Special Servicer and the Controlling Creditor will have the right to instruct the Issuer to remove and replace the Special Servicer, subject to an appropriate replacement being appointed, and certain notification rights.

In respect of the Sunrise Loan and the Bastuban Loan (which each comprise part of senior loans (the whole of each such Loan being the “Whole Direct Loan”) with certain third party lenders holding the remaining balance of the Whole Direct Loan not transferred to the Issuer (each being a “Direct Loan Junior Lender”) the Direct Loan Junior Lender will be the Controlling Creditor for so long as a Subordinated Lender Control Valuation Event is not continuing. In the case of the Sunrise Loan there will be two Direct Loan Junior Lenders and such Direct Loan Junior Lenders will jointly act as Controlling Creditor in a manner agreed amongst themselves.

If a Subordinated Lender Control Valuation Event is continuing in respect of the Sunrise Loan or the Bastuban Loan, the Controlling Creditor will be the holders of the then most junior class of Rated Notes.

There can be no assurance that any advice or course of action proposed by the Operating Adviser or the Controlling Creditor through the Operating Adviser would ultimately maximise the recovery in respect of a Whole Direct Loan. Further, the rights of the Operating Adviser may prevent the Special Servicer from taking action that, if it had not been for the rights of the Operating Adviser, it would have taken or refrained from taking in respect of a Whole Direct Loan and which may have ultimately realised a greater recovery in respect of such Whole Direct Loan.

As the Operating Adviser and the Controlling Creditor represent the holders of the most junior class of Rated Notes or, if a Subordinated Lender Control Valuation Event is not continuing, the Direct Loan Junior Lender, the Controlling Creditor and the Operating Adviser will have interests which may conflict with the holders of more senior classes of the Notes or holders of all classes of the Notes, as the case may be.

Any replacement special servicer appointed following the removal of the Special Servicer by the Controlling Creditor may (despite having to adhere to the Servicing Standard) not perform the functions of the Special Servicer in the same manner as the Special Servicer would have done and this may affect recoveries in respect of the relevant Whole Direct Loans.

The Operating Adviser and the Controlling Creditor may have special relationships that conflict with the holders of one or more classes of the Notes and will act solely in the interests of the Controlling Creditor without taking into consideration or having any duty towards the interests of any other more senior class of Notes or any class of Notes, as the case may be, and will have no liability nor be considered negligent, for so doing.

Moreover, upon the occurrence of a payment default in respect of a Whole Direct Loan, the Direct Loan Junior Lender may make cure payments to the Issuer so as to avoid the Issuer or Trustee taking enforcement action or accelerating the relevant Whole Direct Loan. If such cure payments are not made, any amount otherwise available for distribution to the Direct Loan Junior Lender will be retained by the Direct Loan Master Servicer until the relevant default is remedied or the Borrower makes cure payments to remedy such default and will only be distributed to the Direct Loan Junior Lender on the immediately following Loan Payment Date. Generally, the Direct Loan Junior Lender may only make cure payments no more than twice in any one period of 12 months and no more than four times during the term of the relevant Whole Direct Loan.

There can be no assurance that the making of such cure payments would ultimately maximise the recovery in respect of a Whole Direct Loan or be in the best interests of the holders of the Rated Notes.

Sunrise Loan

In addition to the above in relation to the Sunrise Whole Loan the Sunrise Senior Lenders will have rights to make protection advances. If such protection advances are made by one Sunrise Senior Lender and not the other, such Sunrise Senior Lender will have a senior claim to recover amounts equal to such protection advances from proceeds received from the Sunrise Borrowers on subsequent Interest Payment Dates in accordance with the relevant Direct Loan Intercreditor Agreement and will be paid ahead of the subordinated lenders and the Sunrise Senior Lender who did not make an equal contribution to such payments.

However, were the Issuer (or the Master Servicer or the Special Servicer on the Issuer's behalf) to make such protection advances there can be no assurance that there would be sufficient funds for it to be reimbursed in full.

The servicing functions to be undertaken by the Master Servicer and Special Servicer in the case of the Sunrise Loan will be performed by servicers appointed pursuant to the servicing arrangements agreed for the Sunrise Whole Loan. The servicing arrangements will combine the requirements of each of the Sunrise Senior Lenders in respect of servicing and, although such arrangements differ in some respects from the Direct Loan Servicing Agreement in respect of the Sunrise Loan, they are based on the principle that the stricter servicing requirement (as between the Direct Loan Servicing Agreement in respect of the Sunrise Loan and the servicing agreement entered into by the DB Lender in respect of the DB Loan) will apply. Due to these differences there may be variations in the way the Sunrise Loan is serviced in comparison to how it would have been serviced by the Master Servicer and the Special Servicer. However, any such differences are mitigated by the fact that the stricter servicing requirement principle (as described above) will apply.

The servicing arrangements agreed between the Sunrise Senior Lenders and certain subordinated lenders in connection with the Sunrise Whole Loan provide for a facility agent appointed under the servicing arrangements to co-ordinate the views of the Sunrise Senior Lenders (as represented by the servicers appointed thereby) and the subordinated lenders in respect of any proposed modifications, waivers, amendments and consents. Provided that the Sunrise Whole Loan is not being "specially serviced" (due to, amongst other things, payment default, enforcement proceedings or insolvency events in respect of the Sunrise Borrowers) the facility agent will seek instructions from the servicers appointed by the Sunrise Senior Lenders and the subordinated lenders based upon the provisions of the facility agreement in respect of the Sunrise Whole Loan which requires, variously, majority or unanimous agreement, depending on the nature of the modification, waiver, amendment or consent; in some cases neither majority or unanimous agreement is specified and in these cases the servicing arrangements provide for the facility agent to attempt to establish a consensus approach. In the event of deadlock or a failure to establish a consensus approach in relation to a proposed modification, waiver, amendment and/or consent the facility agent will make the final decision based on the best interests (in its opinion) of each of the Sunrise Senior Lenders and the subordinated lenders and a servicing standard which is substantially the same as the Servicing Standard. If the Sunrise Whole Loan is being "specially serviced" then the decisions in relation to modifications, waivers, amendments and/or consents will be taken by the special servicer (initially Citibank International plc) in respect of the Sunrise Whole Loan in accordance with the Servicing Standard, subject to consultation with operating advisers which may be appointed by the controlling party, unless and until the special servicer is replaced by or at the instruction of the controlling party. The controlling party will be the subordinated lenders provided that a control valuation event has not occurred. If a control valuation event has occurred the controlling party will be a representative of each of the holders of the most junior ranking class of the Notes and, following any securitisation of the DB Loan, the issuer in relation to such securitisation; or, if no such securitisation occurs, the DB Lender. Control valuation event has a meaning, in respect of the Sunrise Whole Loan, substantially similar to Subordinated Lender Control Valuation Event as defined in this Prospectus.

In respect of enforcement action prior to the Sunrise Whole Loan being "specially serviced" the facility agent will seek instructions from the servicers appointed by the Sunrise Senior Lenders and, provided a control valuation event (as described above) has not occurred, the subordinated lenders; in the event that no majority or unanimous decision is made, or a consensus approach cannot be agreed (depending on what is required), the facility agent may make decisions and take action based on the best interests (in its opinion) of each of the Sunrise Senior Lenders and the subordinated lenders and a servicing standard which is equivalent to the Servicing Standard. If the Sunrise Whole loan is being specially serviced, then decisions as to enforcement action will be taken by the special servicer

(initially Citibank International plc) in respect of the Sunrise Whole Loan in accordance with the Servicing Standard.

As stated above in “– *Operating Adviser, Controlling Creditor and Intercreditor Issues – Direct Loans*” there can be no assurance that any advice or course of action proposed by any operating adviser, the facility agent or the special servicer under the servicing arrangements relating to the Sunrise Whole Loan would ultimately maximise the recovery in respect of the Sunrise Whole Loan. Further, the rights of the operating adviser or operating advisers, the subordinated lenders and the DB Lender may lead to a course of action being taken that, if the rights of such parties did not have to be taken into consideration, would not have been taken. This could have an adverse affect on the ultimate recoveries in respect of the Sunrise Loan, through the servicing standard applicable to the Sunrise Whole Loan does, by its terms, require the maximisation of recoveries.

Additionally, the Sunrise Senior Lenders and the subordinated lenders (and any operating adviser appointed by such party) will act solely in their own interests (or, in the case of an operating adviser, the interests of its principal) without taking into consideration or having any duties towards any other party and will have no liability, nor be considered negligent, for so doing. The interests of such parties may conflict and each such party may have special relationships with other parties which may affect how it exercises its rights.

However, the facility agent and the servicers appointed by the Sunrise Senior Lenders and subordinated lenders in respect of the Sunrise Whole Loan must at all times act in accordance with the relevant servicing standard and within the express limits of the servicing agreement (including by taking immediate action if such action is required by the Servicing Standard and refraining from following any instruction or provision of the relevant Servicing Agreement if this would contradict the relevant Servicing Standard).

Elancourt (France): FCC Intercreditor Issues

The FCC Elancourt Notes issued by the Elancourt Compartment have been structured so that the holder of the FCC Class B1 Notes (the “FCC Class B1 Noteholder”) will, in relation to the Elancourt Loan, have similar economic rights to those a Direct Loan Junior Lender has in relation to a Whole Direct Loan. The FCC Class B1 Noteholder will, for so long as a control valuation event is not continuing, be the Controlling Creditor in respect of the FCC Elancourt Notes and have the right to appoint an Operating Adviser. The Operating Adviser will have the right to be consulted by the Special Servicer before the Special Servicer takes certain actions in respect of the Elancourt Loan including, amongst other things, appointing an insolvency official, waiving or amending any material term of the finance documents or releasing any security. The Operating Adviser will also have the right to propose courses of action to the Special Servicer and the Controlling Creditor will have the right to request the FCC Management Company to remove and replace the Special Servicer, subject to an appropriate replacement being appointed, and certain notification rights.

There can be no assurance that any advice or course action proposed by the Operating Adviser or the Controlling Creditor through the Operating Adviser would ultimately maximise the recovery in respect of the Elancourt Loan. Further, the rights of the Operating Adviser may prevent the Special Servicer from taking action that, if it had not been for the rights of the Operating Adviser, it would have taken or refrained from taking in respect of the Elancourt Loan and which may have ultimately realised a greater recovery in respect of the Elancourt Loan.

As the Operating Adviser and the Controlling Creditor represent the FCC Class B1 Noteholders, the Controlling Creditor and the Operating Adviser will have interests which may conflict with the Issuer as holder of the FCC Class A1 Notes and the FCC Residual Notes.

Any replacement special servicer appointed following the removal of the Special Servicer in respect of the Elancourt Loan by the Controlling Creditor may (despite having to adhere to the Servicing Standard) not perform the functions of the Special Servicer in the same manner as the Special Servicer would have done and this may affect recoveries in respect of the Elancourt Loan.

The Operating Adviser and the Controlling Creditor may have special relationships that conflict with the Issuer as holder of the FCC Class A1 Notes and the FCC Residual Notes and will act solely in the interests of the FCC Class B1 Noteholders without taking into consideration or having any duty towards the interests of the Issuer as holder of the FCC Class A1 Notes and the FCC Residual Notes and will have no liability nor be considered negligent, for so doing.

Refinancing risk

All of the Loans are expected to have substantial remaining principal balances as at their respective maturity dates. Unless previously repaid, each Loan will be required to be repaid by the relevant Borrower 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 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 Issuer, the FCC, SAGRES 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, directly or indirectly, 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 (had it not been written down to reflect any Principal Deficiencies) on their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Security over bank accounts

Each Borrower under the Loans has, in accordance with the terms of the relevant Credit Agreement, established a number of bank accounts into which, among other things, rental income and disposal proceeds in respect of the relevant Properties must be paid. Other than in respect of the Credit Agreements relating to the Portuguese Loans, each Borrower has, pursuant to the terms of the relevant Security Agreement, granted security over all of its interests in the relevant accounts of the Borrower. Furthermore, under the Deed of Charge, the Issuer will grant security over all of its bank accounts, which security will be expressed to be fixed security.

Although the various bank accounts are stated to be subject to various degrees of control, there is a risk that monies paid into accounts could be diverted to pay preferential creditors were a receiver, liquidator or administrator to be appointed in respect of the relevant entity in whose name the account is held.

Limited payment history

As of the Issue Date, all of the Loans were originated within 14 months of the Issue Date. As such, those Loans do not have a longstanding 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

Borrowers have limited experience in operating the Properties and, therefore, there is a risk that the net operating income and cashflow of such Properties may vary significantly from the operations, net operating income and cashflow generated by the Properties under prior ownership and management.

Bastuban Loan – mortgage certificate pledge

With respect to the portion of the Bastuban Whole Loan advanced to KB Europahuset Building (having a principal amount of SEK418,162,779), the Bastuban Borrower granted in favour of the Security Agent acting on behalf of the First Seller a mortgage certificate pledge in the amount of SEK400,000,000 only. Therefore SEK18,162,779 of the Bastuban Whole Loan is not secured by the mortgage certificate pledge. On or prior to the Issue Date, the First Seller will sell part of its interest in the Bastuban Whole Loan, being as at the Cut-Off Date an amount equal to €41,044,776*, to the

* The Bastuban Loan has been translated into Euros at the rate of €1 = SEK9.38 (being the rate for the exchange of Euros for Swedish Krona as of April 2006) and rounded down to the nearest Euro.

Issuer and on or following the Issue Date the remaining interest to the Bastuban Investor. The interest acquired by the Bastuban Investor is ranked junior to the interest acquired by the Issuer. As such, the Issuer's interest in the Bastuban Loan is effectively fully collateralised and secured by the mortgage certificate pledge.

Bastuban Loan – scheduled repayments

Under the terms of the Bastuban Loan, the Bastuban Borrowers are scheduled to make repayments on a quarterly basis on each Loan Interest Payment Date (excluding the Loan Maturity Date) from the second anniversary to the fifth anniversary of the date of the first drawdown. The aggregate amount of such payments is approximately 20.8 per cent. of the Cut-Off Date Balance. Non-payment by the Bastuban Borrowers of any such payments will not constitute a Loan Event of Default and therefore the Issuer (nor the Trustee on behalf of the Issuer) would not be able to accelerate the Bastuban Loan and nor will the Master Servicer be able to implement enforcement procedures in relation thereto. Non-payment of the outstanding principal balance of the Bastuban Loan upon maturity would, however, trigger a Loan Event of Default.

Elancourt Loan and Selaht Loan – Islamic financing

Whilst the Elancourt Loan and the Selaht Loan are not made on terms that are Shari'a compliant, the proceeds of such loans have been used as part of a Shari'a compliant transaction structure. In order to be Shari'a compliant, a transaction must not involve the payment of interest by the relevant entity to a third party lender, since Islamic financing objects to the charging for the mere use of money, considering it unjust to make a financial gain from a transaction without assuming a share of the risks associated with it. Thus both the transactions relating to the Elancourt Loan and the Selaht Loan ("the Elancourt Loan Transaction" and the "Selaht Loan Transaction" respectively) have been structured such that the ultimate borrowing entity, the relevant Target Company (as defined below), has a payment obligation under a share purchase agreement to the relevant Borrower rather than having a payment obligation under a loan which is seen to be a more conventional arrangement. Therefore, the Elancourt Loan and the Selaht Loan have been structured such that:

- (i) the relevant Borrower has used the proceeds of the relevant Loan to (a) purchase the shares in the company owning directly or indirectly through its subsidiaries the relevant Properties (the "Target Company"), and (b) make an inter-company loan to the Target Company (the "French Inter-Company Loan") in order to allow it to refinance in particular a loan made by a third party bank;
- (ii) in the Elancourt Loan Transaction, the obligations of the Target Company under the French Inter-Company Loan are secured by certain security interests in favour of the relevant Borrower and, in particular, (a) an assignment by way of security (pursuant to a legal mechanism called "*délégation de paiement*") of the rental income and of the insurance proceeds derived from its Properties, (b) lender's liens (*privilèges du prêteur de deniers*) and (c) mortgages (*hypothèques*);
- (iii) the relevant Borrower has on-sold the shares in the Target Company and assigned the French Inter-Company Loan to the acquisition vehicle of an Islamic property investor (the "French Property Investor") for a deferred consideration which is payable (a) by instalments, in respect of the Elancourt Loan Transaction and (b) on the final maturity date, in respect of the Selaht Loan Transaction, pursuant to the relevant share purchase agreement;
- (iv) as security for its obligations under the share purchase agreement, the French Property Investor has granted certain security interests and, in particular, has pledged the shares of the Target Company in favour of the relevant Borrower in respect of the Elancourt Loan Transaction, has pledged the French Inter-Company Loan (incorporating the mortgages in respect of the Elancourt Loan Transaction) in favour of the relevant Borrower and, in the case of the Selaht Loan Transaction, has caused the French Property Companies to grant mortgage guarantees (*cautionnements hypothécaires*) to the Borrower.

As a result of this structure, the relevant Borrower only has an indirect right to (i) the companies owning directly the relevant Properties (each a "French Property Company") and (ii) the Properties. More particularly, the right of the relevant Borrower to receive the rental income in respect of the Properties and the right to enforce the mortgage guarantees (*cautionnements hypothécaires*) and, in the case of the Elancourt Loan Transaction, the mortgages and/or lender's liens over those Properties both derive from the share purchase agreement between the relevant Borrower and the Target Company. Upon the occurrence of a payment default under the share purchase agreement, the relevant Borrower

(or its agents) will become entitled to enforce the pledge over the shares of the relevant Target Company but the ability of the relevant Borrower (or its agents) to take enforcement actions will be restricted in case of insolvency of the Target Company.

The above text describes some of the risks for a prospective Noteholder arising from the Shari'a transaction structure underlying the Elancourt Loan and the Selaht Loan. It does not purport to offer nor should be construed as offering advice on Shari'a law nor on the effectiveness of the Shari'a transaction structure underlying the Elancourt Loan and the Selaht Loan.

Elancourt Loan – subrogation

In keeping with common French real estate loan refinancing practice, subrogation has been chosen as the method for transferring the benefit of the existing property security interests (lender's liens (*privilèges du prêteur de deniers*) and mortgages (*hypothèques*)) which were granted originally to secure the loan made by a third party bank and refinanced with the French Inter-Company Loan made by the Elancourt Borrower to the relevant French Property Company with part of the Elancourt Loan.

Subrogation is a mechanism provided for by Article 1250 of the French Civil Code, whereby a new creditor that pays a debtor's existing creditor (or provides the debtor with the funds to repay the existing creditor) is substituted in lieu of the existing creditor in respect of its rights and security interests against the borrower. The advantage of subrogation is that the existing security interests are maintained and transferred with their existing ranking being preserved, up to the amount of the repaid debt, without the need to take and register new mortgages on the refinanced assets, thus allowing a significant saving on otherwise considerable mortgage registration duties.

Certain recent decisions of the Cour de Cassation (the French Supreme Court) have introduced some uncertainty into the law of subrogation, by holding that a new creditor could not claim interest from the debtor at the rate applicable to the subrogated debt (or such other rate as may have been agreed between the debtor and the creditor), but instead only at the *taux légal* (the legal interest rate used for late payment interest when not contractually agreed (amounting to 2.1 per cent. p.a. in 2006)), as from the date of the subrogation. Whilst not limiting the right of the debtor and the new creditor to agree on the rate of interest in respect of the subrogated debt going forward, such case law suggests that the new creditor may not be secured as to interest by the existing mortgage, which secured the pre-subrogation interest payment obligation.

Elancourt Loan – pledge of claims

In respect of the Elancourt Loan, the parties had initially chosen to assign, by way of guarantee pursuant to Article 1690 of the French Civil Code, the Inter-Company Loan to the relevant Borrower. They finally decided to terminate such assignment and replace it with a pledge of claims in favour of the Borrower. Since such pledge has been created after the execution of the related secured obligations, it is therefore subject to a suspect period risk. In that respect, should the pledgor become insolvent within the 18 months following the execution of the pledge, a French court may declare such pledge null and void because it has been granted to secure an existing debt. However, such replacement does not impact the mortgages initially granted.

French Loans – same Borrower under the Elancourt Loan and the Selaht Loan

Alesraa Gennevilliers has been used to acquire the relevant Target Company in both the Elancourt Loan Transaction and the Selaht Loan Transaction. Similarly, the rental income in respect of the French Properties is paid to Alesraa Gennevilliers by way of assignment by way of security (*délégation de paiements*) in both transactions. If Alesraa Gennevilliers were to become insolvent as a result of the under-performance of certain Properties indirectly financed by a French Loan, this may have an adverse effect on the other French Loan. A liquidator or any other appointed similar officer may decide to use all available assets of Alesraa Gennevilliers to repay its outstanding debts and since Alesraa Gennevilliers is a special purpose vehicle, its sole assets are the French Loans. Hence in case of insolvency, the proceeds of any one French Loan could be used to refinance the under-performance of the other French Loan. In particular, insolvency law rules (such as the possibility for a court to order the liquidation of a bankrupt company (for further details, please see Section “*Enforcement Procedures – Enforcement in France*” below)) could affect both the Elancourt Loan and the Selaht Loan, irrespective of whether all or only part of the Properties are under-performing.

Limitation of the First Seller's or the Second Seller's rights due to partial purchase of the Whole Loans by the Issuer under the Bastuban Loan and the Sunrise Loan

The Second Seller is only transferring the Sunrise Loan, and the First Seller is only transferring the Bastuban Loan, to the Issuer on the Issuer Date. Each of the Bastuban Loan and the Sunrise Loan is the senior tranche of the Bastuban Whole Loan and the Sunrise Whole Loan, respectively, that each also has a junior tranche which will not be acquired by the Issuer on the Issue Date and will instead be retained by the relevant Seller and thereafter the Bastuban Investor and the Sunrise Investor, respectively. As a consequence, the Issuer will not hold the whole amount of the Bastuban Whole Loan or the Sunrise Whole Loan and accordingly, the consent of the Bastuban Investor or the Sunrise Investor (and DB Lender) respectively, must be obtained prior to the Master Servicer or the Special Servicer agreeing to certain modifications or waivers of a term of the relevant Finance Documents in respect of the Bastuban Whole Loan and/or the Sunrise Whole Loan, as the case may be. In respect of the Sunrise Loan the risks and mechanics of this are set out in greater detail in “*Operating Adviser, Controlling Creditor and Intercreditor Issues – Sunrise Loan*” above. The views of the Bastuban Investor or Sunrise Investor (and DB Lender), as applicable, in relation to any amendment, waiver or approval in respect of which its consent must be obtained may differ to those of the Issuer (or the Master Servicer or the Special Servicer on behalf of the Issuer) and may prevent the Master Servicer from taking on behalf of the Issuer action which it would otherwise consider appropriate to take in accordance with the Servicing Agreement. However, each of the Direct Loan Intercreditor Agreements provides that if the Master Servicer or the Special Servicer agrees to a modification, waiver or consent in accordance with the Servicing Agreement and the Servicing Standard, then such action will be binding on the Bastuban Investor or the Sunrise Investor, as applicable, as well as the Issuer.

Title of the Issuer, the FCC and SAGRES to the Loan Pool

France

The Target Companies are both secured by mortgage guarantees (*cautionnements hypothécaires*). A mortgage guarantee (*cautionnement hypothécaire*) is a form of security as rem granted over a real property and whose beneficiary is secured up to the amount of the secured obligations only and not for the whole value of the property. When the loan secured by such security is refinanced, the mortgage guarantee will not benefit the new creditors by way of subrogation. The beneficiary of a mortgage guarantee ranks ahead of all unsecured creditors (*créanciers chirographaires*).

The Elancourt Loan is secured in particular by lender's liens (*privilèges de prêteur de deniers*) and mortgages (*hypothèques*). A lender's lien is a form of security over real property which benefits the lender financing the acquisition of a property in France. A mortgage (*hypothèque*) is a security granted by the mortgagor over one of its properties in favour of its creditor (known as a *créancier hypothécaire* (mortgagee)), in order to secure payment of a debt owed by the mortgagor to the mortgagee. Beneficiaries of lender's liens rank ahead of beneficiaries of mortgages. When a loan is refinanced, a lender's lien or a mortgage granted in favour of the initial 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.

The beneficiary of a lender's lien or mortgage will rank ahead of all unsecured creditors (*créanciers chirographaires*) of the relevant debtor but will rank after certain creditors in the context of the insolvency of such debtor (for further information about insolvency, see “*Enforcement Procedures – Enforcement in France*” below) and after the claims of the manager of the condominium (*copropriété*) if the French Property is comprised within a condominium. Secured amounts comprise the principal amount of the loan in question as well as interest and other ancillary amounts. It should be noted, however, that only three years of interest at the contractual rate can be secured by a lender's lien or a mortgage.

Registration of lender's privilege and mortgage

France

In order to be enforceable against third parties lender's liens and mortgages must be registered at the relevant French local Land and Charges Registry (*Conservation des Hypothèques*).

The registration of a lender's lien or of a mortgage in France is only valid for a limited period of time. As a general rule, a lender's lien or mortgage is valid until the date of validity specified in the registration deed, provided, however, that the secured period does not exceed 50 years.

The registration of a lender's lien or of a mortgage ceases to be effective on the last day of the secured period unless it is renewed on or before that date.

Portugal

Portuguese mortgages are created by means of a notarial deed, which is a contract prepared and testified by, and executed before, a public notary and must comply with certain formalities as to its creation (in some cases banks may have special template forms, pursuant to applicable legislation).

The notarial deed for the creation of a mortgage is not sufficient for the full validity and enforceability of this type of security, and registration with the Real Estate Registry Office of the area where the property is located is required in order for a mortgage to be considered validly created.

Furthermore, registration also rules the ranking of creditors in the event that several mortgages are created over the same property. In this case, the ranking of rights among such creditors will correspond to the priority of mortgage registration (i.e., the creditor with a prior registered mortgage will rank ahead of the others).

Although mortgagees have priority over non secured creditors, there are preferential rights which apply as a matter of law and which rank ahead of a mortgage, such as: (i) amounts due to the Portuguese Republic in respect of social security charges and taxes; and (ii) employees' credits in respect of unpaid salaries due by the mortgagor.

As a matter of Portuguese insolvency law, a pledge over rents will, in certain circumstances, expire and have no further effect in respect of rents that become due one month after the declaration of insolvency of the grantor thereof. Such circumstances include where a borrower becomes insolvent and the liquidator of such a borrower cannot or does not disclaim the lease. To that extent, a pledge of rents may expire upon the insolvency of the grantor provided that such insolvency is governed by Portuguese law. However, this should not apply to the Borrowers under the Portuguese Loans as they are branches of German entities and insolvency proceedings should therefore, in principle, be governed by German law.

Germany

The German Loans are secured by, among other things, certified land charges (*Briefgrundschulden*). A land charge creates a security interest in land which permits the creditor of the secured obligation to enforce its right in the land once the debtor of the secured obligation does not comply with its payments obligations under the secured obligation.

The valid perfection of a land charge requires the agreement between the mortgagor and the mortgagee, the registration with the land register and, in the case of a certified land charge (*Briefgrundschuld*), the delivery of a land charge certificate to the mortgagee.

The agreement to perfect a mortgage or a land charge needs to be signed by the owner of the encumbered land and such signature needs to be certified. The registration must be made with the land register of the competent local court (*Grundbuchamt*), i.e. the local court of the area where the property is located. Usually, under the terms of the agreement to perfect a mortgage or land charge, the mortgagor agrees to submit to immediate foreclosure (*sofortige Zwangsvollstreckungsunterwerfung*) which enables the mortgagee to enforce its security interest more easily. Since such submission grants an immediately enforceable title in favour of the mortgagee, the agreement must be executed in the form of a notarial deed.

The land charges are generally registered in order of application for registration. A prior application will normally lead to a prior ranking of the mortgage (*Hypothek*) or land charge, as the case may be. In order to obtain a first ranking mortgage or land charge it is necessary to ensure at an early stage that no other mortgages, land charges or encumbrances have already been registered.

Sweden

Swedish mortgages are evidenced by a mortgage certificate in a nominal amount and the mortgage certificate can be either in physical or dematerialised form. Security is created by means of a pledge/mortgage agreement between the pledgor/mortgagor and the pledgee/mortgagee. In order to perfect a security interest in a mortgage in real property in Sweden the mortgage certificate has to be transferred to the mortgagee or, in the case of mortgage certificates in dematerialised form, the mortgagee has to be registered as holder of the mortgage certificate with the Swedish land registry.

The date of the mortgage certificate determines the ranking of creditors in the event that several mortgages are created over the same property. In this case, the ranking of rights among such creditors will correspond to the priority of the mortgage.

Although mortgagees have priority over non secured creditors, there are preferential rights which apply as a matter of law and which rank ahead of a mortgage.

Considerations Relating to the Borrowers

Special Purpose/Single Purpose Entity

Special purpose entity (“SPE”) covenants are generally designed to limit the purpose 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 insolvency proceedings, provisions are generally contained in the documentation relating to mortgage loans which, 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).

Certain of the Loans contain provisions that require the related 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 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.

In addition, certain of the Borrowers under the Loans were incorporated or formed for the purposes of acquiring (or refinancing the acquisition of) and holding the legal and beneficial interests in the Property charged as security for its related 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). Save as set out under “*Characteristics of the Loans and the related Properties*” below, the Issuer has been informed by such parties that the relevant company or entity has no material or contingent liabilities (other than indebtedness permitted under the related Credit Agreement and which is fully subordinated pursuant to a formal subordination agreement) except in relation to the Properties which are security for the Loans.

An insolvency of any Borrower would result in a Loan Event of Default with respect to the related Loan giving rise to an acceleration of such Loan and an enforcement of the Related Security. This could result in significant delays in the receipt by the Issuer of payments under the relevant Loan which could adversely affect its ability to make all payments due on the Notes. “Loan Event of Default” means an event of default under any Loan as defined in the relevant Credit Agreement or relevant Security Agreement.

Degi – Expo Tower Loan and Degi – Entrecampos Loan

In relation to the Degi – Expo Tower Loan and the Degi – Entrecampos Loan, the Borrowers (acting for the account of a fund) are a *Kapitalanlagegesellschaft* (“KAG”) and are not special purpose entities. A KAG is a German regulated credit institution supervised by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “BaFin”) and subject to specific capital requirements and must have at least two managing directors who are qualified for and experienced in investment business as well as experienced in real estate investments. The managing directors have to be approved by the BaFin prior to their appointment. A KAG may form one or more investment pools in which the monies paid in by investors are pooled (a “Fund”). The Fund is an unincorporated co-proprietorship of assets (*Sondervermögen*), i.e. it does not have separate legal personality and is comprised of the monies paid in by the investors and any assets purchased therewith. Each Fund is managed by the KAG for the account and in the exclusive interest of the investors pursuant to the German Investment Act (*Investmentgesetz*) and the rules of the Fund. The Fund’s assets are kept separate from the KAG’s assets at all times and are held with a custodian bank. The KAG cannot legally bind the Fund or its unitholders. Therefore the KAG is liable for any obligations it has contracted for the account of a Fund and any claims of creditors are legally owned by the KAG which, however, has under German law a claim for reimbursement of its expenses

against the Fund. In the event that the KAG became insolvent, the creditors of the KAG would have no means to enforce any claims against the assets of the Fund, as the Fund's assets are separated from the assets of the KAG.

Due to the German regulations relating to KAGs, pledges have not been granted by either the Degi – Expo Tower Loan Borrower or the Degi – Entrecampos Borrower on their rent accounts, such approach being consistent with standard market practice in Germany.

Other indebtedness, liabilities and financing

The existence of indebtedness incurred by a Borrower other than its Loan could adversely affect the financial viability of such Borrower. Additional debt increases the likelihood that a Borrower would lack the resources to perform on both its Loan and such additional debt. In addition, the existence of any actual or contingent liabilities of a Borrower may result in the insolvency or (if applicable) administration of that Borrower which may lead to an unanticipated default under its Loan.

Litigation

There may be pending or threatened legal proceedings against any of the Borrowers and their affiliates. To the knowledge of each Seller, as at the Issue Date, there is no litigation pending or threatened against any Borrower in respect of the Properties. Each of the relevant Credit Agreements in respect of the Loans and the relevant Security Agreements includes an obligation by the relevant Borrower to notify the relevant Seller of any legal proceedings which might have a material adverse effect on the ability of the Borrower to make payments under a Loan.

Considerations Relating to the Properties

General risks relating to Properties

The Loans will be secured by, among other things, the mortgages over offices, warehouses, retail properties, social housing properties, industrial spaces and parking facilities. Commercial mortgage lending is generally viewed as exposing a lender to risk of loss since the repayment of a loan secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cashflow 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 Loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, including (i) the volatility of property revenue and (ii) the relevant property's "operating leverage", which generally refers to (a) the percentage of total property operating expenses in relation to property revenue, (b) the breakdown of property operating expenses between those that are fixed and those that vary with revenue and (c) 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 repayment of each Loan in part may be, and the payment of interest on each Loan is, dependent on the ability of the applicable Property or Properties to produce cashflow. However, the net operating income and value of the Properties may be adversely affected by a large number of factors. Some of these factors relate specifically to a Property itself, such as: (i) the age, design and construction quality of the Property; (ii) perceptions regarding the safety, convenience and attractiveness of the Property; (iii) the proximity and attractiveness of competing properties; (iv) the adequacy of the Property's management and maintenance; (v) an increase in the capital expenditure needed to maintain the Property or make improvements; (vi) a decline in the financial condition of a major tenant and the creditworthiness generally of tenants; (vii) a decline in rental rates as leases are renewed or entered into with new tenants; and (viii) the length of tenant leases.

Other factors are more general in nature, such as: (i) national, regional or local economic conditions (including plant closures, industry slowdowns and unemployment rates); (ii) local property market conditions from time to time (such as an oversupply or undersupply of retail or office space); (iii) demographic factors; (iv) consumer confidence; (v) consumer tastes and preferences; (vi) retrospective changes in building codes or other regulatory changes; (vii) changes in governmental regulations, fiscal policy, planning/zoning or tax laws; (viii) potential environmental legislation or liabilities or other legal liabilities; (ix) the availability of refinancing; and (x) changes in interest rate levels. In particular, a decline in the commercial property market or 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 or others not specifically mentioned above could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause the relevant Borrower to default on its Loan, reduce the chances of a Borrower refinancing a Loan or reduce a Borrower/mortgagor's ability to sell a Property at a required price or at all.

No assurance can be given that tenants in the Properties will continue making payments under their leases or that any such tenants will not become insolvent or subject to administration in the future or, if any such tenants become subject to administration, that they will continue to make rental payments in a timely manner. In addition, a tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a failure to make rental payments when due. If a tenant, particularly a major tenant, defaults in its obligations under its occupational lease, the applicable Borrower may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and re-letting the relevant Property.

Risks Relating to Residential Properties/Social Housing

The Nawon Loan portfolio of Properties contains some subsidised social housing. As of the Cut-Off Date, some of the flats comprising the Nawon Properties are connected to the governmental promotion of development (*öffentliche Förderung*), which was granted in the form of loans or non-repayable subsidies to finance the construction of the properties assumed by the Nawon Borrower.

The statutory provisions for subsidised housing have been subject to significant changes in recent years. On 1 January 2002 the new Subsidised Housing Act (*Wohnraumförderungsgesetz*) came into force, replacing several regulations that are, however, still partly applicable with respect to property subsidised prior to 1 January 2002. In view of the complex regulations regarding subsidised housing, the following is only a very general discussion, to provide a general understanding of certain restrictions which can apply to subsidised housing.

Subsidised properties are generally subject to certain restrictions in respect of rent (*Mietpreisbindungen*), permissible tenants (*Belegungsbindungen*) or occupancy rights (*Belegungsrechte*). These restrictions often (although not invariably) mean that subsidised properties are let at sub-market rents. Such restrictions eventually expire over time and after expiry, the properties are regulated in the same way as unsubsidised properties.

According to social housing regulations (*Wohnungsbindungsgesetz* and *Neubaumietenverordnung*), a landlord of subsidised housing is only allowed to demand rent in an amount that covers its ongoing expenses (cost-based rent, *Kostenmiete*), which includes an element providing for a return on certain and limited capital. Such cost-based rent has to be based on a calculation of profitability (*Wirtschaftlichkeitsberechnung*). The calculation of profitability has to contain the following aspects: description of land and building, calculation of the total costs, financial budget, ongoing expenses and revenues. Of the aforementioned aspects, the ongoing expenses and the revenues are the main elements of the calculation of profitability. Revenues on the one hand consist of the rent generated by the respective property. The ongoing expenses on the other hand cover the costs of capital (*Kapitalkosten*) and the operating costs (*Bewirtschaftungskosten*).

The landlord of a subsidised social housing flat may only rent such flat to a tenant who is the holder of a public housing permit (*Wohnberechtigungsbcheinigung*) entitling the holder to a live in subsidised social housing. The public housing permit is issued by local authorities and will be provided to tenants who fulfil certain statutory requirements. Generally, a tenant is entitled to obtain a public housing permit if his or her income, together with the income of all family members living together with such tenant, is below a certain threshold for generally accepted income (*Einkommengrenze*).

The subsidised social housing in the Nawon Loan portfolio consists of flats subsidised by loans or non-repayable subsidies. The restrictions in respect of rent or permissible tenants will expire when the ongoing disbursement allowances are no longer provided.

In respect of the Nawon Property, there is a tenant nomination right which allows the welfare authorities of Germany to nominate the persons to whom such apartments may be let to.

Since the construction of the Nawon Property was partly financed by public subsidies (in the form of subsidised loans), the Nawon Property is subject to encumbrances in the form of mortgages (*Hypotheken*), land charges (*Grundschulden*) and financial charges (*Reallasten*) which were granted in connection with public loans and subsidies only and rank prior to the land charges granted by the Nawon Borrower in favour of the First Seller. As a result, the land charges relating to the Nawon Property in which the Issuer has acquired a beneficial interest are not first ranking.

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. As there are only eight Loans in the Loan Pool, losses on any Loan may have a substantial adverse effect on the ability of the Issuer to make payments under the Notes. The relative approximate percentages of the Cut-Off Date Balance of the eight Loans as at the Cut-Off Date are:

Loan Name	Percentage of Cut-Off Date Balance as at the Cut-Off Date
Sunrise Loan	42.4%
Nawon Loan	16.3%
Elancourt Loan	11.3%
Nibelung Loan	11.0%
Selaht Loan	9.2%
Bastuban Loan	6.3%
Degi – Entrecampos Loan	2.2%
Degi – Expo Tower Loan	1.2%
TOTAL	100.0%

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

In addition, concentrations of Properties in one sector may increase the risk that adverse economic or other developments affecting a particular industry sector could increase the frequency and severity of losses on loans secured by such Properties. Details of the types of Properties comprised in the Portfolio are set out in “*Description of the Loans and the related Properties*”.

Tenant concentration

A 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 (as is the case in the Bastuban Loan, the Elancourt Loan, the Selaht Loan and the Degi – Entrecampos Loan). Properties leased to a small number of tenants or a sole tenant are also more susceptible to interruptions of cashflow if a tenant fails to renew its lease. This is so because (i) the financial effect of the absence of rental income may be severe, (ii) more time may be required to re-lease the space and (iii) substantial capital costs may need to be incurred to make the space appropriate for replacement tenants.

In addition, risks related to tenants may also be increased if there is a concentration of tenants in particular industries 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.

Insurance

With respect to the Degi – Expo Tower Loan, the relevant Seller has been named as a loss payee under the buildings insurance policy. Noting a party’s interest on a policy, however, does not entitle that party to a share in the proceeds. On the Issue Date, SAGRES will acquire the Seller’s beneficial interest in the Related Security which will include all rights in respect of the insurance proceeds.

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 ultimately prejudice the ability of the Issuer to make payments in respect of the Notes.

Loss of rent insurance will, subject to certain exceptions, cover the loss of rent during the period of rent cessation. 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.

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. Other than in respect of the Portuguese Loans, the relevant Borrowers have covenanted to insure the Properties on a full reinstatement basis, including not less than three (or, in the case of the Bastuban Loan, two) years' loss of rents. The Borrowers have also covenanted to maintain third party liability and professional fees insurance and (except in the case of the Nibelung Loan and the Bastuban Loan where such risks are not explicitly stated) insurance against risks such as, but not limited to, fire, storm, lightning, explosion, air crash, impact, floods and damage caused by public acts such as terrorism. In relation to the Nibelung Loan, the relevant Borrower has covenanted to maintain insurance against all such risks of loss or damage as the relevant Security Agent may from time to time require (including without limitation, terrorism and subsidence) and in respect of the Bastuban Loan, the relevant Borrower has covenanted to maintain such insurance as a prudent company in the same business as the relevant Borrower would maintain. The Borrowers under the Portuguese Loans have covenanted to maintain sufficient and appropriate insurance cover satisfactory to the relevant Lender which covers all common risks such as fire, storm, water and the like.

There are, however, certain types of losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving 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 occupational tenants pursuant to the terms of their occupational leases.

Environmental risks

Under the lending criteria, the Sellers do not make any specific environmental investigations in respect of any Property, unless the valuation report obtained in connection with the proposed lending recommends any environmental enquiries. Certain existing environmental legislation imposes liability for clean-up costs on the owner or occupier of land where the person who caused or knowingly permitted the pollution cannot be found. The term "owner" would include anyone with a proprietary interest in a property. Even if more than one person may have been responsible for the contamination, each person covered by the relevant environmental laws may be held responsible for all the clean-up costs incurred.

If any environmental liability were to exist in respect of any Property or Borrower or mortgagor, the Trustee should incur no responsibility for such liability prior to enforcement of the relevant Loan and Related Security, unless it could be established that the Trustee (or the Master Servicer or Special Servicer on behalf of the Trustee) had entered into possession of the affected Property or could be said to be in control of the Property. After enforcement, the Trustee, if deemed to be a mortgagee in possession, or a receiver appointed on behalf of the Trustee, could become responsible for environmental liabilities in respect of a Property.

If an environmental liability arises in relation to any Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell the Property or in a reduction in the price obtained for the Property resulting in a sale at a loss. In addition, third parties may sue a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from that site, and the presence of substances on the Property could result in personal injury or similar claims by private claimants.

The environmental liability for clean-up costs in respect of any mortgaged Property varies depending on relevant jurisdictions, however, it will generally be the operator of the business or activity that is situated on the land where the contamination has originated who will be liable for the clean-up costs.

Where the person who caused (or who is presumed to have caused) the contamination cannot be found, or is insolvent, it will either be the owner, the long lease holder, the surface owner or the life tenant of the land who will be liable for the costs of cleaning up the contamination. The owner of the land, the operator, the long lease holder, the surface owner or the life tenant designated by the authorities as the person liable for cleaning up the contamination may seek to recoup his costs from the person who caused the contamination or who is liable for it under general third party or central liability rules.

Prior to the enforcement of a mortgage, the Security Agent in its capacity as mortgagee over a contaminated mortgaged Property will not be found liable for any costs attached to the clean-up of such Property. Upon enforcement, the Property would typically be sold by the Court at public auction and the Security Agent repaid out of the sale price. The Security Agent is not deemed to take possession of the mortgaged Property (unless it is the highest bidder at the auction sale in which case, it becomes the owner of such mortgaged Property). As such a mortgagee would not usually be exposed to liability for any decontamination cost unless it is seen by the Court as a de facto operator of the Property. The Security Agent will not risk assuming such liability unless it has first been indemnified and/or secured to its satisfaction. As a result, the Noteholders may ultimately suffer a loss if such a liability should arise.

Risks relating to the Permits

France

Construction works may only be carried out pursuant to one or more building permits (*permis de construire*) (a “Permit” or the “Permits”) and, further to such works being carried out on a property in accordance with the provisions of a Permit, a compliance certificate (*Certificat de Conformité*) must be delivered.

According to the reports reviewed, the legal advisors of the relevant Borrower were not provided with the necessary Permits or compliance certificates (or any evidence of such documents). As a result, it is not possible to determine whether the buildings on the French Property were built pursuant to, and in compliance with the terms of, valid Permits. If no Permits were issued at the time the building works were carried out, or if the works were not carried out in accordance with the terms of the relevant Permits, the relevant local authority and/or an interested third party (such as a neighbouring property owner) could require the building to be demolished if the building works were carried out less than ten years ago.

Even if the period for taking legal action has expired, the relevant local authority could refuse to deliver a new Permit in the future (for example, for the purpose of extending the building or rebuilding a destroyed or damaged part) unless the original Permits are produced and/or any non-compliance is remedied to the satisfaction of the local authority.

Elancourt Loan

On the basis on the information contained within the reports, no Permits were provided with respect to 19,259 sqm of the 84,364 sqm developed at Elancourt. As a result, it is not possible to determine whether the 19,259 sqm was erected pursuant to a valid Permit. As the works relating to the relevant 19,259 sqm were carried out prior to the issuance of the declaration of works registered in 1994 (i.e. more than 10 years), the statutory limitation period for taking legal action in relation to these surface areas has expired.

Selaht Loan

According to the reports of the notary, it appears that some of the relevant Permit (or any evidence of the existence of such a Permit) have not been provided for the property located at Orsay/Palaiseau which was built less than ten years ago. There may be some discrepancies between the surface areas declared in respect of the calculation of the annual tax for office use and the surface areas currently occupied. In that respect, the notary mentioned a remote tax risk that a fine of a maximum of € 2,453,420 could be levied by the local authority.

According to the reports provided, the notary has not been provided with the compliance certificate for six properties (Châtellerault, Osny, Le Haillan, Valence, Vendôme and Orsay/Palaiseau). A compliance certificate is not compulsory, but in the absence of such certificate, the relevant Borrower has the burden of proving that the building works were carried out in compliance with the Permits in the event of any dispute.

The Nibelung Loan

In relation to the Nibelung Loan, with respect to two of the properties, the Jules Bordet property and the Albert I property (the “Affected Belgian Nibelung Properties”), soil survey obligations were triggered under Brussels and Flemish legislation respectively due to the carrying out of potentially soil polluting activities previously on such properties. As a result, the title to the Affected Belgian Nibelung Properties could not be transferred from the owner, Swissville Europe (Belgium) S.A. (“Swissville”) to Challenging Properties Limited (“Challenging”) at the time of the origination of the Nibelung Loan until the soil surveys have been conducted and their results approved by the relevant waste management agency. Pursuant to an undertaking given by Swissville to Challenging dated 26 January 2006, it undertook to grant a long term lease to Challenging once any potential pollution issue is resolved. Swissville also entered into a similar undertaking to transfer the freehold interest in the Affected Belgian Nibelung Property to a third party (the “Nibelung Freeholder”) and Challenging entered into a third party mortgage agreement dated 25 January 2006 with the Nibelung Freeholder pursuant to which the Nibelung Freeholder agreed to grant a first ranking mortgage over the freehold interest on the Belgian Nibelung Property in connection with the Nibelung Loan in return for an annual fee.

The relevant soil surveys have been completed and on or about 30 May 2006, long term lease agreements with respect to each of the Affected Belgian Nibelung Properties have been entered into in compliance with the applicable soil sanitation legislation and are currently in the process of being registered with the competent mortgage registry.

Limitations of Valuations

The valuations (each a “Valuation”) for the Properties were performed by (i) CB Richard Ellis (with respect to the Bastuban Loan, the Nawon Loan, the Elancourt Loan and the Selaht Loan), (ii) DTZ Debenham Tie Leung (with respect to the Sunrise Loan), (iii) Colliers CRE (with respect to the Nibelung Loan), (iv) Cushman & Wakefield Healey & Baker (with respect to the Degi – Expo Tower Loan) and (v) Savills (with respect to the Degi – Entrecampos Loan. In general, valuation reports 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 such Property. Moreover, valuations seek to establish the amount 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 related 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 documentation entered into in connection with the Loans and Related Security (the “Loan Documentation”). If the Properties with respect to a Loan are sold following a Loan Event of Default, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Loan Documentation. In particular, it should be noted that where the Properties are large office buildings, these are specialised property assets for which no ready market may exist.

Valuers, lawyers and notaries

The reports given by the valuers, lawyers or notaries in respect of the Properties are addressed to the relevant Seller or facility agent, and may only be relied upon by the addressee. The benefit of such reports will not be assigned to the Issuer, the FCC or SAGRES. However, please note the warranty given by each Seller in respect of the valuations (see “*Transaction Documents – Mortgage Sale Agreements – Representations and Warranties – 9*” below).

The values of the Properties securing the Loans have not been and will not be assessed specifically for the purposes of the issue of the Notes, but each such valuation has been conducted within 15 months preceding the date of this Prospectus. If, in respect of any Loan, there is a breach of a representation and warranty given by the Seller responsible for originating that Loan, the Issuer, the FCC represented by the FCC Management Company (although it may be difficult in the case of the FCC) or SAGRES may, at its discretion, in certain cases sue third party professional advisers directly. Full recovery of loss may not be possible if, for example, (i) the relevant valuer, lawyer or notary raises a successful defence to any claim in respect of breach of contract, fraud, negligence or failure to disclose brought against it or (ii) prior to the settlement of any claim the relevant valuer lawyer or notary becomes insolvent or otherwise ceases to exist (other than to the extent of any

successful claim being made in relation to the relevant valuer's, lawyer's or notary's professional indemnity insurance). In addition, damages in respect of a breach of the representation and warranty in relation to valuers' reports will be limited to the diminution in value of the relevant Property (i.e. from the Valuation) which can be shown to be attributable to the breach of contract, negligence, fraud or failure to disclose of the relevant valuer, and will exclude any diminution in the value of the relevant Property which is attributable to a reduction in the value of comparable properties generally in the area where the relevant Property is situated.

Considerations Relating to the Tenants

Borrowers' dependence on tenants

A Borrower's ability to make its payments under a Loan will be dependent on payments being made by the tenants of the relevant Property. Income from, and the market value of, the Properties would be adversely affected if space in the Properties could not be leased or re-let, if tenants were unable to meet their lease obligations, if a significant tenant (or a number of smaller tenants) were to become insolvent, or if for any other reason rental payments could not be collected.

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 Germany, France, Belgium, Portugal and Sweden. Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If a tenant defaults in its obligations under its lease, the applicable Borrower may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and re-letting the Property.

Net operating income from a commercial property may be reduced, and the Borrower's ability to repay the related loan impaired, as a result of, among other things, an increase in vacancy rates for the Property, a decline in market rental rates as leases are renewed or entered into with new tenants, an increase in operating expenses of the Property and/or an increase in capital expenditure needed to maintain the Property.

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

Terms of the Leases

Some of the Leases will expire prior to the Final Maturity Date of the Notes. In addition, other Leases 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.

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 Issue 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.

Rights of Tenants

France

A number of statutory rights of tenants under the French Leases may affect the net cashflow derived from the French Property or cause delay in the payment of the rental income.

In particular, such rights may include the following:

- (i) where the landlord of a French Property is in default of its obligations under a French Lease, the tenant may have the right under general principles of French law (*principe d'exception d'inexécution*) to withhold its rental payments until such time as the default is cured or to refrain from performing its other obligations thereunder;
- (ii) a legal right of set-off (*droit de compensation légale*) could be exercised by a tenant of a French Property in respect of its rental obligations under the relevant French Lease if a reciprocal debt is owed to this tenant by the landlord of the relevant French Property;
- (iii) French courts may in some circumstances grant time to a tenant in respect of its payment obligations under a French Lease, taking into account its financial standing and the needs of the landlord of the relevant French Property or may reschedule the debt of the tenant (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 French Lease to the contrary;
- (iv) a tenant who has legitimately carried out a business (*fonds de commerce*) at a French Property for the three years preceding the expiry of the relevant French Lease and who is registered at the French trade and company registry 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 French Lease. The compensation consists of (i) an amount corresponding to the market value of the *fonds de commerce* which is determined in accordance with local standard business practices and methods based mainly on operating profit and (ii) additional amounts relating to moving costs, disruption of business, redundancy of staff, etc. Compensation is not payable, however, if a tenant is in serious breach of its obligations under the French Lease.

The exercise of any such rights may have an adverse effect on the ability of the Elancourt Borrower and the Selaht Borrower (together the "French Borrowers") to meet their obligations under the French Loans which in turn may have an adverse effect on the ability of the FCC to meet its payment obligations under the FCC Notes and which in turn may result in the receipt by the Noteholders of a principal repayment less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Germany

A number of statutory rights of tenants under the German occupational leases may affect the net cashflow realised from the German Properties or cause delay in the payment of the rental income.

In particular, such rights may include the following:

- (i) in the case of a defect of the German Properties, rental payments will automatically be reduced by an appropriate amount (*Mietminderung*). The tenant will only be responsible for the reduced rental payments and may recover any excess amount on the basis of unjust enrichment (*ungerechtfertigte Bereicherung*) of the relevant Borrower as landlord;
- (ii) if the relevant Borrower as 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 remedied or even refrain from performing its other obligations thereunder, if the breach makes it impossible for the tenant to use the premises; and
- (iii) a legal right of set-off (*Aufrechnungsrecht*) could be exercised by a tenant of the German Properties in respect of its due rental obligations under the relevant leases if a reciprocal due debt is owed to this tenant by the relevant Borrower as landlord or otherwise.

The exercise of any such rights may affect the ability of the relevant 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.

Sweden

Statutory rights of tenants may affect the net cashflow from the Bastuban Borrower or cause delay in the payment of the rental income.

In particular, such rights may include the following:

- (i) where the Bastuban Borrower as landlord is in default of its obligations under a Swedish lease, the tenant may be entitled to, according to the Swedish Rent Act (*Sw. hyreslagen*) (the “Rent Act”), retain its rental payments until the default is remedied;
- (ii) in Sweden, a legal right of set-off could be exercised by a tenant in respect of its obligation to pay rent if a reciprocal debt is owed to the tenant by the Bastuban Borrower; and
- (iii) when a commercial tenancy has lasted for nine consecutive months, the tenant becomes entitled to indirect prolongation of the lease (*Sw. indirekt besittningsskydd*). The indirect right of prolongation means that the tenant is entitled to compensation if the tenancy ends. Such right to compensation, however, does not exist if (a) the tenant is in serious breach of its contractual obligations, (b) if the building in which the premises are located is to be demolished and the landlord provides acceptable alternative premises, (c) the building in which the premises are located is to undergo conversion on such scale that the tenant obviously cannot remain in the premises due to the inconvenience of the conversion works and the landlord provides acceptable alternative premises, (d) the landlord has otherwise legitimate reasons for terminating the tenancy, or (e) the conditions demanded by the landlord for prolonging the tenancy are reasonable and in accordance with good practice. If a tenant is entitled to compensation due to the fact that the tenancy is not prolonged, such compensation shall cover all the tenant’s direct losses and indirect losses. However, the tenant is always entitled to a minimum compensation corresponding to one year’s rent.

The exercise of any such rights may affect the ability of the Bastuban Borrower to meet its obligations under the Swedish Loan which in turn may result in the receipt by the Noteholders of a principal repayment less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Portugal

A number of statutory rights of tenants under the Portuguese occupational leases may affect the net cashflow realised from the Portuguese Properties or cause delay in the payment of the rental income.

In particular, such rights may include the following:

- (i) where a tenant under a Portuguese occupational lease is unable to use the leased premises, that tenant may have the right under the Portuguese Civil Code (Article 1040.) to a reduction in rental payments proportional to the extent of the area of the property not capable of being used (for the duration of the period of time for which the property is unusable). Should the leased premises be totally unusable, the tenant may terminate the lease agreement (Article 1050. of the Portuguese Civil Code);
- (ii) a legal right of set-off (*direito de compensação*) could be exercised by a tenant of the Portuguese Property in respect of its rental obligations under the relevant Portuguese occupational lease if a reciprocal debt is owed to this tenant by the Portuguese Borrowers as landlords or otherwise.

The exercise of any such rights may affect the ability of the Portuguese Borrowers to meet their obligations under the Portuguese Loans which in turn may result in the receipt by the SAGRES Noteholder of a principal repayment less than the face value of their Notes and SAGRES may be unable to pay in full interest due on the SAGRES Notes.

Belgium

A number of statutory rights of tenants under the Belgian Leases may affect the net cashflow derived from the Belgian Nibelung Property or cause delay in the payment of the rental income.

In particular, such rights may include the following:

- (i) where the landlord is in default of its obligations under a Belgian Lease, the tenant may have the right under general principles of Belgian law (*principe d’exception d’inexécution*) to withhold rental payments until such time as the default is remedied or to refrain from performing its other obligations thereunder;

- (ii) a legal right of set-off (compensation) could be exercised by the tenant in respect of its rental obligations under the relevant Belgian Lease if a reciprocal debt is owed to this tenant by the relevant Borrower as landlord or otherwise;
- (iii) Belgian courts may in some circumstances grant time to a tenant in respect of its payment obligations under a Belgian Lease, taking into account its financial standing and the needs of the landlord; and
- (iv) a tenant who has legitimately carried out a business open to retail customers acquires a protected leasehold right, subject to certain other conditions and limited exceptions, and is entitled to renewals 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.

Compulsory purchase

There is often a delay between (i) the compulsory purchase of a property, (ii) title being acquired by the acquiring authority and (iii) the payment of compensation, the length of which will largely depend on the ability of the property owner and the entity acquiring the property to agree on the open market value of such property. Should such a delay occur in the case of any Property, then, unless the Borrower has other funds available to it, a Loan Event of Default may occur under the relevant Loan.

Subject to the applicable local law, any Property may at any time be acquired by, *inter alios*, a local authority or the state or a governmental department, generally in connection with proposed redevelopment or infrastructure projects.

In the event of a compulsory purchase order or a compulsory purchase law being made in respect of a Property, generally compensation would be payable on the basis of the open market value of all owners' and tenants' proprietary interests in the Property at the time of the purchase.

Frustration

France

Even though there is no doctrine of frustration as such under current French law, the tenants under Leases entered into in relation to the Properties may be released from the performance of their obligations under the Leases when external unavoidable and unforeseeable events ("*force majeure*" events) make the performance of their obligations impossible.

Germany

The German Civil Code provides that a party to a contract (e.g. a lease contract) may under certain circumstances claim the modification of the contract on the basis of unforeseen circumstances which are of such nature that for one party, according to criteria of reasonableness and fairness, legal risk allocation and other contractual circumstances, the adherence to the contract would be unreasonable or if substantial understandings which form the basis of the contract prove to be wrong (*Störung der Geschäftsgrundlage*). If such modification of the contract is impossible or unreasonable, then the party affected may terminate the contract. The German courts have only permitted such right of termination where the parties did not and could not have foreseen the circumstances that could have lead to the termination and had not already allocated the risk of termination in the contract.

Sweden

Swedish law does not provide for a doctrine of frustration. However, according to the Swedish Contract Act (*Sw. avtalslagen*), a contract (e.g. a lease agreement) may be modified by a court, should circumstances prior to, on or after the parties enter into the contract, lead to the contents of the contract being unreasonable. Such modification may lead to the contents of the contract being amended or the whole contract being cancelled.

Furthermore, according to the Rent Act, some circumstances, for example where a building is destroyed by fire or an authority prohibits use of premises for health and safety reasons, may lead directly to a lease agreement being cancelled.

Portugal

Although there is no doctrine of frustration as such under Portuguese law, the Portuguese Civil Code provides that a party to a contract (e.g. a lease agreement) may under certain circumstances require a contract to be amended on the basis that unforeseen circumstances have arisen which would mean

that (i) for one party (according to the criteria of reasonableness and fairness, legal risk allocation and other contractual circumstances), the adherence to the contract would be unreasonable or (ii) substantial understandings which form the basis of the contract would prove to be wrong. If modification of the contract is impossible or unreasonable, then the party affected may terminate the contract. The Portuguese courts have only permitted such right of termination in cases where the parties did not and could not have foreseen the circumstances and had not already allocated the risk of termination in the contract. We are not aware of any case where the doctrine above has been applied to the termination of a lease agreement.

Belgium

Although there is no doctrine of frustration as such under current Belgian law, a party to a contract e.g. a lease agreement may be released from the performance of its obligations under the contract when external unavoidable and unforeseeable events (“*force majeure*” events) make the performance of its obligations impossible.

Privity of contract

France

Subject to any agreement to the contrary, the legal rights of a tenant under a French Lease cannot be transferred to a new tenant without the consent of the landlord. Neither the tenant nor the new tenant can require such consent to be given. However, if the tenant decides to sell its business (*fonds de commerce*), the lease can be transferred to the buyer together with the business, in which case there can be no assurance that the buyer, as new tenant under the Lease, will have the same credit quality as the original tenant.

If a tenant were to enter into French insolvency proceedings, the relevant landlord would be prohibited from taking any action against it for recovery of sums due or re-entry to the relevant premises. If the tenant under a French Lease is still carrying on business at the premises or has plans to recommence business with a view to the survival of the company as a going concern, it is possible that the court would refuse to grant such leave to re-enter to the landlord on the grounds that to do so would frustrate the purpose of the administration or safeguard (*sauvegarde*) procedure.

Germany

Subject to any contractual agreement, the legal rights of a tenant cannot be transferred (*Vertragsübernahme*) to a new tenant without the consent of the landlord. Neither the tenant nor the new tenant can require such consent to be given. An agreement among all the parties is required.

A tenant is not entitled to transfer the use of a Property to a third party or to sublet the Property without the Landlord’s permission unless the transfer of use or subletting of the Property to a third party is explicitly permitted under the individual lease agreement. If a tenant transfers the use to a third party, he is, unless released, responsible for any fault committed by such third party in the use, even if the landlord has given permission for the transfer, and the tenant will remain liable to pay rent under the lease. If the landlord unreasonably refuses permission to sublet (notwithstanding the tenant’s continuing liability under the lease in such circumstances), the tenant may give extraordinary notice to terminate the lease with observance of the statutory period unless otherwise agreed.

Pursuant to section 543 of the German Civil Code (*Bürgerliches Gesetzbuch*), both the tenant and the landlord are entitled to terminate a lease agreement for good cause without notice. In general, each party may terminate a lease agreement for good cause where, after the balancing of both parties’ interests, it is unduly burdensome (*unzumutbar*) for the terminating party to continue the lease until the end of its regular term or until the end of a notice period. This extraordinary termination right for good cause in particular applies (i) if the tenant is fully or partially deprived of the use of the leased property, (ii) if the tenant infringes upon the landlord’s rights by putting the leased property at risk or by letting it to a third party without being duly authorised, or (iii) if the tenant has defaulted in the payment of rent for either two consecutive payment periods or in an amount equal to two months’ rent. In the case of (iii), the landlord, however, may not terminate for good cause if the unpaid rent is paid by the tenant before the notice to terminate the lease agreement is served.

Should good cause result from a breach by one party of any of its obligations under the lease agreement, the other party may generally terminate the lease agreement only upon expiry of a reasonable grace period or if the terminating party has given a reminder that has not been complied with. However, in certain cases, such as where a grace period or a reminder will obviously (*offensichtlich*) not be successful, a grace period or a reminder will not be required.

The right to receive rents is assignable in the absence of specific agreement to the contrary. Even if the parties to a lease have agreed that an assignment of rights shall not be permitted, an assignment of monetary claims is still possible if the lease has been agreed between commercial parties in their normal course of business subject to section 354a of the German Commercial Code (*Handelsgesetzbuch*).

Sweden

According to the Rent Act, a tenant is not entitled to transfer its lease to a third party without the landlord's consent. However, if the landlord refuses such transfer unreasonably, the tenant is entitled to terminate the lease.

As regards commercial leases, there is an important modification of the above-mentioned rule. A tenant leasing premises to be used for the carrying out of commercial business activities may transfer its lease to a third party acquiring the business carried out in the premises, if the transfer is approved by the Swedish Rent Tribunal (*Sw. hyresnämnden*). The Rent Tribunal will approve the transfer if the landlord has no justifiable reason to oppose the transfer. If the duration of tenancy has been less than three years, however, approval will only be granted in exceptional circumstances. The landlord will have a justifiable reason for opposing a transfer and, according to the previous paragraph, will be held to be acting reasonably if, for example, the proposed new tenant's financial situation is bad and there is no guarantee that the new tenant's credit quality will correspond to that of the former tenant's.

As regards subletting, a tenant may only sublet premises with the landlord's consent or with the Rent Tribunal's approval. The Rent Tribunal will approve the subletting unless the landlord has a justifiable reason to oppose the subletting. If a subletting takes place, the original tenant will remain liable for payment of the rent to the landlord.

Portugal

A tenant is not entitled to transfer the use of a property to a third party or to sublet the property without the landlord's permission unless (i) the transfer of use or subletting is explicitly permitted under the individual lease agreement or (ii) the landlord consents to a specific transfer or subletting.

Notwithstanding the above, pursuant to statutory law, a tenant may transfer/assign the lease to any third party in the context of a transfer of the business as a going concern (*trespasse*) without needing the landlord's consent. However, in such a case, the landlord enjoys a pre-emption right on the transfer of the business and therefore must be notified before any transfer to a third party.

If a tenant transfers the use of a property to a third party, he is released from any obligations under the lease agreement as from the date the transfer becomes effective (i.e. upon notification to the landlord), except if otherwise agreed between the landlord and the transferor. If a tenant sublets the property or any part of it, the tenant remains responsible for any breach committed by such third party even if the landlord has given permission for the subletting. The tenant will also remain liable to pay rent under the lease.

Pursuant to the existing occupational leases relating to the Portuguese Property, the Portuguese Borrower has authorised certain tenants to transfer or sublet the leased premises in whole or in part to companies which are subsidiaries or indirectly related to the relevant current tenant.

Belgium

Subject to any agreement to the contrary, the legal rights of a tenant cannot be transferred to a new tenant without the consent of the landlord. Neither the tenant nor the new tenant can require such consent to be given. However, if the tenant has operated a business open to retail customers on the leased premises and the tenant decides to sell such business, the lease can be transferred to the buyer together with the business, subject to limited exceptions, and there can be no assurance that the buyer, as the new tenant of the property, will have the same credit quality as the original tenant.

General Considerations

Breach of representation or warranty in relation to the Loans and Related Security

None of the Issuer, the FCC, SAGRES or the Trustee has undertaken or will, at any time, undertake its own due diligence, investigations, searches or other actions as to the status of the Borrowers. However, certain of the reports provided by professional advisers to the Sellers (including lawyers, notaries and valuers) have been drafted such that the benefit thereof may be assigned to, and can be

directly relied upon by, the Issuer, the FCC and/or SAGRES, as applicable, and can be charged or pledged by the Issuer, the FCC and/or SAGRES, as applicable. Other than that, the Issuer, the FCC, SAGRES or the Trustee each will rely instead on the warranties given by each of the Sellers in relation to its Loans in respect of the matters referred to in the relevant Mortgage Sale Agreement (see further “*Transaction Documents – Mortgage Sale Agreements – Representations and warranties*”). None of the Issuer, the FCC, SAGRES or the Trustee will have any other recourse to the Sellers save as provided in the relevant Mortgage Sale Agreement (see further “*Transaction Documents – Mortgage Sale Agreements*”).

Due diligence

Due diligence (including valuations of properties) in relation to the Loans and the Properties has been undertaken in the context of and at the time of the origination of each particular Loan by the relevant Lender. Other than this, none of the due diligence previously undertaken will be verified or updated prior to the sale of the Loans and Related Security to the Issuer.

Replacement of Master Servicer and Special Servicer

If the appointment of the Master Servicer or the Special Servicer is terminated following the occurrence of, among other things, certain defaults by the Master Servicer or the Special Servicer, as the case may be, or the insolvency of the Master Servicer or the Special Servicer, a replacement party will be appointed as Master Servicer or Special Servicer, as appropriate, to provide the administration services. The Issuer, the FCC, SAGRES (subject to the authorisation of the CMVM) and the Trustee will be entitled to appoint a substitute Master Servicer or substitute Special Servicer upon confirmation from the Rating Agencies that any such appointment would not adversely affect the then ratings of the Rated Notes. The ability of any substitute Master Servicer or substitute Special Servicer to administer the Loan successfully would depend on the information and records then available to it. There is no guarantee that a substitute Master Servicer or substitute Special Servicer could be found who would be willing to administer the Loan at a commercially reasonable fee, or at all, on the terms of the Servicing Agreement (even though the Servicing Agreement will provide for the fees payable to a substitute Master Servicer and a substitute Special 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 Master Servicer or substitute Special Servicer would be payable in priority to payments due under the Notes. See the section “*Servicing – Removal or resignation of the Master Servicer or the Special Servicer*” below for further details.

It should be noted that each of the Master Servicer and the Special Servicer will be entitled to delegate the performance of its duties under the Servicing Agreement. In these circumstances, the Relevant Servicer will remain liable for the performance of these obligations.

It should also be noted that the Master Servicer will, upon confirmation from the Rating Agencies that the then existing ratings would not be downgraded, be entitled to transfer its rights and obligations to a substitute Master Servicer (subject also, in the case of the Portuguese Loans, to the authorisation of the CMVM). In this circumstance the transferring Master Servicer would not remain liable for the performance of obligations under the Servicing Agreement.

Risks relating to conflicts of interest

Conflicts of interest between the Sellers and each of their respective affiliates that engage in the acquisition, development, operation, financing and disposition of commercial property and the Issuer may arise because neither of the Sellers nor such respective affiliates will be prohibited in any way from engaging in business activities similar to or in competition with those of the Borrowers. The Sellers and each of their respective affiliates intend to continue to actively acquire, develop, operate, finance and dispose of property-related assets in the ordinary course of their business. During the course of their business activities the Sellers and each of their respective affiliates may acquire, own or sell properties or finance loans secured by properties which are in the same markets as the Properties. In such a case, the interests of the Sellers or such respective affiliates may differ from and compete with the interests of the Issuer, and decisions made with respect to such assets may adversely affect the amount and timing of payments with respect to the Notes. In addition, the Sellers and each of their respective affiliates may have business, lending or other relationships with, or equity investments in, obligors under loans or tenants and conflicts of interest could arise between the interests of the Issuer and the interests of the relevant Seller and such affiliates arising from such business relationships.

Risks relating to rental income of the secured Properties in France

Under the French Loans, (i) all rental payments and other income in respect of the French Properties are required to be paid into the relevant French Borrower accounts and transferred to the relevant French rent accounts after deduction of charges and taxes (including VAT due on the rents) forecast in the annual budget due and payable by the French Borrowers in respect of the French Properties, (ii) the French Borrower accounts are pledged (*nanti*) in favour of the relevant Seller and, after the Issue Date, the FCC, and (iii) Dailly law assignments (*cessions de créances professionnelles à titre de garantie*), of the rental payments due under the French Leases have been granted by the French Borrowers to the relevant Seller and, after the Issue Date, the FCC (see below). The Dailly law assignments (*cessions de créances professionnelles à titre de garantie*) will be transferred to the FCC, to the extent of the FCC's benefit, as part of the French Loan Related Security.

There can be no assurance that in the event insolvency proceedings are commenced in respect of the French Borrowers, all or part of such rental payments or other income will be effectively paid to the French rent accounts or otherwise recovered by the relevant Seller and, after the Issue Date, the FCC.

Changes to the Loan Pool

Unless specified otherwise, information with respect to the Loan Pool relates to the Loan Pool in this Prospectus as at the Cut-Off Date being 20 April 2006. Since the Cut-Off Date, the aggregate principal amount of the Loans will reduce or has declined by approximately €346,635 as a result of, among other reasons, expected scheduled amortisation. Further reductions in the aggregate principal amount of the Loans, including (but not limited to) as a result of property disposals, may occur in respect of the Loan Pool prior to the Issue Date.

Implementation of Basel II risk-weighted asset framework

In June 1999, the Basel Committee on Banking Supervision issued proposals for reform of the 1988 Capital Accord and proposed a new capital adequacy framework which places enhanced emphasis on market discipline and sensitivity to risk. The third consultative paper on the New Basel Capital Accord was issued on 29 April 2003, with the consultation period ending on 31 July 2003. The committee announced on 11 May 2004 that it had achieved consensus on the remaining issues and published the text of the new Framework on 26 June 2004 (as updated in November 2005) under the title *Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework* (the "Framework"). This Framework will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new Framework. The committee confirmed that it is currently intended that the various approaches under the Framework will be implemented in stages, some from year-end 2006 and the most advanced at year-end 2007. If implemented in its current form, the Framework could affect risk weighting of the Notes in respect of certain investors if those investors are subject to the new Framework (or any national legislative implementation thereof) following its implementation. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the proposed implementation of the new Framework. No predictions can be made as to the precise effects of potential changes which might result if the Framework were adopted in its current form.

Change of law

The structure of the transaction and the issue of the Rated Notes and ratings assigned thereto are based on the law and administrative practice in each of Germany, France, Belgium, Portugal, Sweden and Luxembourg in effect as at the date hereof as it affects the parties to the Transaction Documents, the Borrowers and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such 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 Rated Notes.

Considerations Relating to the FCC Notes Liability under the FCC Notes

The FCC Notes issued in respect of the Elancourt Compartment and the Selaht Compartment and interest thereon will not be obligations or responsibilities of any person other than the Elancourt Compartment or the Selaht Compartment respectively. In particular, the FCC Notes will not be

obligations or responsibilities of the FCC Related Parties and no such persons accept any liability whatsoever in respect of any failure by the relevant FCC Compartment to make payment of any amount due on the FCC Notes.

Limited recourse

The FCC Noteholders will have no recourse against the FCC or any FCC Compartment in respect of the FCC Notes other than the Elancourt Compartment's available assets and the Selaht Compartment's available assets. The FCC is a special purpose entity without any capitalisation.

The ability of any FCC Compartment to make payments in respect of the FCC Notes issued by it is dependent upon and limited to its receipt of payments from the French Borrower in respect of the French Loan allocated to it.

In accordance with the provisions of Article L. 214-43 of the French Code monétaire et financier: "Notwithstanding Article 2093 of the French Civil Code and unless otherwise stipulated in the fund's constituting documents, the assets of a given compartment may only be used to meet that compartment's debts, commitments and obligations and only benefit from that compartment's receivables".

Therefore, the FCC Noteholders of a given FCC Compartment are solely entitled to receive payments deriving exclusively from the French Loan allocated to the relevant FCC Compartment.

The FCC Noteholders of a given FCC Compartment are not entitled to claim against the assets of any other FCC Compartment. Therefore, whereas the FCC Noteholders of one FCC Compartment may not be paid the full amounts due to them, the FCC Noteholders of another FCC Compartment may receive payments due to them in full.

The FCC Compartment's recourse against any French Borrower for payment of the relevant French Loan is limited to the French Loan Related Security. Only the FCC Management Company on behalf of the FCC through the Master Servicer or Special Servicer, as applicable, is entitled to enforce the French Loan Related Security. The FCC Noteholders may not enforce the French Loan Related Security and may not require the FCC Management Company to enforce the French Loan Related Security, but the FCC Management Company is required at all times to act in their best interests.

In the event that the proceeds of enforcement of the French Loan Related Security and the FCC Compartment's other assets are insufficient to pay amounts due under the FCC Notes issued by the relevant FCC Compartment then the FCC Compartment's obligation to pay any amount remaining unpaid will cease and the FCC Noteholders of the relevant FCC Compartment will have no further claim against the FCC Compartment nor against any other person in respect of such unpaid amounts.

After the final maturity date of the FCC Notes issued by a given FCC Compartment, any part of the nominal value of such FCC Notes or of the interest due thereon which may remain unpaid will be automatically cancelled, so that the FCC Noteholders issued by the relevant FCC Compartment, after such date, shall have no right to assert a claim in this respect against the relevant FCC Compartment, regardless of the amounts which may remain unpaid after the final maturity date of such FCC Notes.

Each FCC Compartment will have no recourse to the relevant Seller save in respect of certain representations and warranties given by the relevant Seller in the FCC Mortgage Sale Agreements.

Interest paid by the French Borrowers to the FCC

Pursuant to current French tax legislation, interest paid by French Borrowers to the FCC on the Elancourt Loan and the Selaht Loan is not subject to withholding tax in France.

French corporate income status of the FCC

The FCC is exempt from French corporate income tax on income (including interest income) realised within the framework of its legal purpose.

Withholding Tax in respect of the FCC Notes

In the event any withholding or deduction for or on account of taxes is imposed on or is otherwise applicable to payments of interest on or repayments of principal of the FCC Notes to FCC Noteholders (except in respect of liquidation surplus on the Units) (see the section entitled

“Taxation” below), the FCC is not obliged to gross-up or otherwise compensate FCC Noteholders for the lesser amounts the FCC Noteholders will receive as a result of such withholding or deduction.

Change of law

The structure of the issue of the FCC Notes are based on French law 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 French law or administrative practice after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of any of the FCC Compartments to make payments under the FCC Notes issued by it.

Insolvency of the FCC and the FCC Compartments

The FCC and the FCC Compartments should be, in principle, neither subject to the provisions of the French *Code de commerce* relating to bankruptcy and insolvency proceedings, nor subject to 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 mobilières*) and their winding up or liquidation may only be effected in accordance with the General Regulations and the relevant FCC Compartment Regulations (see “Description of the FCC, SAGRES, the FCC Related Parties, the SAGRES Related Parties and the Purchased Notes – The FCC”).

Limited resources of the FCC and of its Compartments

The ability of any of the FCC Compartments to meet its obligations under the FCC Notes issued by it will be dependent on the receipt by it of principal and interest from the French Borrower under the French Loan allocated to it. Other than the foregoing, prior to the enforcement of the French Loan Related Security, neither of the FCC Compartments is expected to have any other funds available to it to meet its obligations under the FCC Notes issued by it and in respect of making any payment ranking in priority to, or *pari passu* with, such FCC Notes. The junior classes of FCC Notes in particular may be adversely affected by high levels of principal prepayments and/or defaults on the French Loans.

Liquidation of the FCC or of any Compartment of the FCC

Pursuant to Article L. 214-49 of the French *Code monétaire et financier*, the FCC Management Company shall be responsible for the organisation of the liquidation process of any FCC Compartment no later than six months following the last French receivable held by the relevant FCC Compartment being extinguished, sold or written off.

The FCC Management Company shall also be entitled to proceed with the liquidation of any FCC Compartment, in accordance with the provisions below and the provisions of the General Regulations and the relevant FCC Compartment Regulations.

Optional dissolution events – transfer of unmaturing French Loan receivables

The FCC Management Company, acting on behalf of any FCC Compartment, may only assign French Loans acquired by the relevant FCC Compartment and which have not matured or been accelerated, in a single or in several transactions or in their entirety, in accordance with the conditions set out in Articles R. 214-107 of the French *Code monétaire et financier* and only in the following circumstances:

- (i) in the event that the FCC Compartment is liquidated in the interests of the holders of the FCC Notes and of the Units;
- (ii) in the event that the outstanding principal amount of the FCC Compartment’s receivables which have not matured falls below a percentage of the maximum outstanding principal amount of the French Loan receivables which have not matured since the Issue Date, as set forth in the General Regulations and the relevant FCC Compartment Regulations, and does not exceed 10 per cent.; or
- (iii) in the event that the FCC Notes and the FCC Residual Notes issued by the FCC Compartment are held by a single holder, upon its request.

Dissolution and liquidation procedures

Upon the occurrence of any of the dissolution events referred to above, the FCC Management Company, acting on behalf of the relevant FCC Compartment, shall offer to purchase the French Loan receivable allocated to the relevant FCC Compartment in accordance with the terms and conditions described hereafter.

The FCC Management Company will endeavour to sell the French Loan receivable to any credit institution (*établissement de crédit*) or any other entity authorised to acquire the French Loan receivable upon similar terms for an amount equal to the principal amount outstanding of the French Loan receivables plus the unpaid amount of all finance charges, interest payments and other amounts accrued on or payable under or in connection with the French Loan receivables and the French Loan Related Security so that the relevant FCC Notes can be redeemed in full. In the event that the French Loan receivables are in default, the FCC Management Company will endeavour to sell the French Loan receivables for a purchase price based on the fair market value.

The repurchase price of the French Loan receivables under the above conditions must provide the FCC Compartment with sufficient funds to pay any amounts due in respect of principal, interest and other amounts due to the FCC Noteholders and Residual Noteholders of the relevant FCC Compartment. If the purchase price is less than the amount required to pay such amounts in full, the sale shall not be permitted, unless the sale is in the best interests of the FCC Noteholders and Residual Noteholders of such Compartment.

Any transfer back of French Loan receivables by the FCC Compartment shall be carried out in accordance with the relevant provisions of the French *Code monétaire et financier*.

The FCC Compartment shall be dissolved at the time of the assignment of the French Loan receivables by the FCC Compartment and liquidated no later than six months following such French Loan receivable being sold.

Duties of the FCC Management Company

Whatever the cause of the early liquidation of a Compartment or of the FCC, the FCC Management Company shall be responsible for the liquidation process. For this purpose it shall be vested with the broadest powers (i) to dispose of any Compartment assets, (ii) to pay the Compartment's creditors in accordance with the General Regulations and the applicable Compartment's Regulations and (iii) to distribute any available balance in accordance with the applicable orders of priority.

The FCC Statutory Auditors and the FCC Custodian shall continue to exercise their functions until the completion of the liquidation process.

Liquidation surplus

The liquidation surplus (if any) of the FCC shall be applied in repaying the principal amount outstanding of the FCC Senior Notes until the FCC Senior Notes have been redeemed in full and thereafter the FCC Junior Notes applicable for that compartment liquidated.

Considerations relating to the SAGRES Notes

Liability under the SAGRES Notes

The SAGRES Notes and interest thereon will not be obligations or responsibilities of any person other than SAGRES. In particular, the SAGRES Notes will not be obligations or responsibilities of the SAGRES Related Parties and no such persons accept any liability whatsoever in respect of any failure by SAGRES to make payment of any amount due on the SAGRES Notes.

Limited recourse

The ability of SAGRES to make payments in respect of the SAGRES Notes is dependent upon and limited to its receipt of payments from the Portuguese Borrowers in respect of the Portuguese Loans allocated to it.

In accordance with the provisions of Article 61 of the Portuguese Securitisation Law the repayment of principal and payment of any other amounts due under securitisation notes as well as the payment of any costs and expenses related with an issue of securitisation notes are secured by (i) the receivables exclusively allocated to it (ii) the proceeds of repayment thereof and any other income generated thereunder and (iii) relevant security and any hedging arrangements eventually contracted in

the context of the relevant issue. No further assets of the relevant issuer will be available for any further payments.

Accordingly, the SAGRES Noteholder is solely entitled to receive payments deriving exclusively from the Portuguese Loans allocated to the SAGRES Notes. The SAGRES Noteholder is not entitled to claim against any other assets of SAGRES and SAGRES is not expected to have any other funds available to it to meet its obligations under the SAGRES Notes.

SAGRES' recourse against any Portuguese Borrower for payment of the relevant Portuguese Loan is limited to the Portuguese Loan Related Security. Only SAGRES or the relevant Security Agent, as applicable, is entitled to enforce the Portuguese Loan Related Security. The SAGRES Noteholder may not enforce the Portuguese Loan Related Security and may not require SAGRES or the relevant Security Agent to enforce the Portuguese Loan Related Security. However, the Master Servicer or the Special Servicer, on behalf of SAGRES, will be required to take enforcement actions in accordance with the Servicing Standard.

SAGRES will have no recourse to the relevant Seller save in respect of certain representations and warranties given by the relevant Seller in the SAGRES Mortgage Sale Agreement.

Sale of Portuguese Loans

Pursuant to the Portuguese Securitisation Law, SAGRES is only entitled to sell receivables to Portuguese securitisation funds (*fundos de titularização de créditos*) and Portuguese securitisation companies (*sociedades de titularização de créditos*).

SAGRES will also be entitled to sell receivables:

- (i) if there is a breach of obligations corresponding to the relevant receivables;
- (ii) to the originator in case of hidden defects (such as breaches of the representations and warranties given in the relevant Mortgage Sale Agreement); and
- (iii) if the sale includes all receivables allocated to an issue of securitisation notes provided that such receivables do not represent more than 10 per cent. of the original value of the relevant portfolio.

Set-off risks

The assignment of the Portuguese Loans to SAGRES under the Portuguese Securitisation Law is not dependent upon the awareness or acceptance of the relevant Borrowers or notice to them by the relevant Seller, SAGRES or the Master Servicer or the Special Servicer, as the case may be, to become effective. In addition, although not required under German law (which is the governing law of the Portuguese Loans), the Portuguese Borrowers will be notified of the sale and assignment of the Portuguese Loans.

Set-off issues in relation to the Portuguese Loans are essentially those associated with the relevant Borrower's possibility of exercising against SAGRES any set-off rights the relevant Borrower held against the relevant Seller prior to the assignment of the relevant Loans to SAGRES. Under the Portuguese Loans, the relevant Borrower has waived any right of set-off against the claims under the relevant loan agreement, subject to where that Borrower's right has been determined by a final judgment or is undisputed.

Pursuant to Section 406 of the German Civil Code (*Bürgerliches Gesetzbuch*), the relevant Borrower may set-off its claims against the relevant Seller and also against SAGRES, unless that Borrower had knowledge of the assignment of the relevant loan receivable when acquiring the claims to be set-off or unless such claims became due and payable only after (i) the Borrower acquired such knowledge and (ii) the relevant loan receivable became due and payable. According to the SAGRES Mortgage Sale Agreement, the Seller has represented and warranted to SAGRES that, *inter alia*, the Portuguese Loans are not subject to the relevant Borrower's rights of set-off. Furthermore, the relevant Borrower will be notified of the assignment of the Portuguese Loans to SAGRES.

Set-off on insolvency

Under Article 99 of the *Código de Insolvência e Recuperação de Empresas* (the Code for the Insolvency and Recovery of Companies), implemented by Decree-Law 53/2004 of 18 March 2004, applicable to insolvency proceedings commenced on or after 15 September 2004, a debtor will only be able to exercise any right of set-off against a creditor after a declaration of insolvency of such

creditor provided that, prior to the declaration of insolvency, (i) such set-off right existed, and (ii) the circumstances allowing set-off, as described in Article 847 of the Portuguese Civil Code, were met.

The Portuguese Securitisation Law

The Portuguese Securitisation Law was enacted in Portugal by Decree-Law 453/99 of 5 November 1999 as amended by Decree-Law 82/2002 of 5 April 2002, by Decree-Law 303/2003 of 5 December 2003 and Decree-Law 52/2006 of 15 March 2006, and the Portuguese Securitisation Tax Law was enacted by Decree-Law 219/2001 of 4 August 2001 as amended by Law 109-B/2001 of 27 December 2001 and by Decree-Law 303/2003 of 5 December 2003 (the “Portuguese Securitisation Tax Law”), and as at the date of this Prospectus the application of the Portuguese Securitisation Law and of the Portuguese Securitisation Tax Law has not been considered by any Portuguese Court and no interpretation of its application has been issued by any Portuguese governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Portuguese Securitisation Law and the Portuguese Securitisation Tax Law or the interpretation thereof, the impact of which cannot be predicted by SAGRES as at the date of this Prospectus.

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

THE ISSUER

Introduction

The Issuer, a company with limited liability (*société anonyme*), was incorporated as a securitisation vehicle under the laws of Luxembourg on 20 June 2006, for an unlimited period and with registered office at 7, Val Ste Croix, L-1371 Luxembourg (telephone number +352 22 1190). The Issuer is registered with the Luxembourg Commercial Register under registered number RCS Luxembourg B-117348.

The Issuer has elected in its articles of incorporation to be governed by the law of 22 March 2004 on securitisation.

The articles of incorporation of the Issuer will be published in the *Mémorial C, Recueil des Sociétés et Associations* as soon as practicable.

Corporate Purpose of the Issuer

The exclusive purpose of the Issuer is to enter into one or more securitisation transactions within the meaning of the Securitisation Law. The Issuer may, in this context, assume risks, existing or future, relating to the holding of assets, whether movable or immovable, tangible or intangible, as well as risks resulting from the obligations assumed by third parties or relating to all or part of the activities of third parties, in one or more transactions or on a continuous basis. The Issuer may assume those risks by acquiring the assets, guaranteeing the obligations or by committing itself in any other way. It may also, to the extent permitted by law and its articles of incorporation, transfer or dispose of the claims and other assets it holds, whether existing or future, in one or more transactions or on a continuous basis.

The Issuer may, in this same context, acquire, dispose of and invest in loans, stocks, bonds, debentures, obligations, notes, advances, shares, warrants and other securities. The Issuer may grant pledges, other guarantees or security of any kind, to the extent permitted by the Securitisation Law, to Luxembourg or foreign entities and enter into securities lending activity on an ancillary basis.

The Issuer may freely assign its assets on such terms as determined by the board of directors of the Issuer, provided however that where such assets are related to one or more specific Compartments of the Issuer, such assets may only be assigned on the terms and subject to the conditions set out in resolutions of the board of directors creating such Compartment or Compartments, as such resolutions may be amended from time to time.

Compartments

The board of directors of the Issuer may create one or more Compartments within the Issuer pursuant to its articles of incorporation. Each Compartment shall, unless otherwise provided for in the resolution of the board of directors creating such Compartment, correspond to a distinct part of the assets and liabilities of the Issuer. The resolution of the board of directors creating one or more Compartments within the Issuer, as well as any subsequent amendments thereto, shall be binding as of the date of such resolutions against any third party.

As between creditors of the Issuer, each Compartment of the Issuer shall be treated as a separate entity. Rights of creditors of the Issuer that (i) have, when coming into existence, been designated as relating to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are, except if otherwise provided for in the constitutive documents, strictly limited to the assets of that Compartment and shall be exclusively available to satisfy such creditors. Creditors of the Issuer whose rights are not related to a specific Compartment of the Issuer shall have no rights to the assets of any Compartment.

Unless otherwise provided for in the resolution of the board of directors of the Issuer creating such Compartment, no resolution of the board of directors of the Issuer may be taken to amend the resolution creating such Compartment or to take any other decision directly affecting the rights of the shareholders or creditors whose rights relate to such Compartment without the prior approval of the shareholders or creditors whose rights relate to such Compartment. Any decision of the board of directors taken in breach of this provision shall be void.

Each Compartment of the Issuer may be separately liquidated without such liquidation resulting in the liquidation of any other Compartment of the Issuer or of the Issuer itself.

Under the Trust Deed and the Deed of Charge, for so long as the Notes remain outstanding, the Issuer will not be permitted to issue securities in respect of any Compartment of the Issuer except

Compartment 1 in relation to the issue of the Notes unless the requirements contained in Condition 3.1 of the Notes have been satisfied. These include: (a) the Trustee having consented thereto subject to such conditions as the Trustee may impose; and (b) the Rating Agencies having confirmed in writing to the Trustee that the then current ratings of the Notes would not be adversely affected thereby.

Under the Deed of Charge, any future Compartment within the Issuer will only engage in activities which are permitted for Compartment 1 and will be subject to similar restrictions as those contained in Condition 3.1.

At the Issue Date, only one Compartment within the Issuer has been created.

Corporate Administration and Management

The directors of the Issuer are:

Name	Business Address
Alexis Kamarowsky (Interconsult S.A.)	7, Val Ste Croix, L-1371 Luxembourg
Federigo Cannizzaro di Belmontino (Interconsult S.A.) . . .	7, Val Ste Croix, L-1371 Luxembourg
Jean-Marc Debaty (Interconsult S.A.)	7, Val Ste Croix, L-1371 Luxembourg

The principal activities of the Directors are limited to directorship services for special purpose, financing and holding companies.

Capital and Shares

The subscribed capital of the Issuer is set at €31,000, divided into 31 fully paid up, registered shares with a par value of €1,000 each.

Capitalisation

The unaudited capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes on the Issue Date, is as follows:

- (i) Share Capital
Authorised, issued and fully paid up: €31,000
- (ii) Loan Capital*
Notes: €654,050,000

Indebtedness

The Issuer has no material indebtedness, contingent liabilities and/or guarantees as at the date of this Prospectus, other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated in this Prospectus.

Holding Structure

The issued and outstanding shares in the Issuer’s share capital are owned and controlled as follows:

- (i) Structured Finance Management Offshore Limited; and
- (ii) SFM Offshore Limited.

Subsidiaries

The Issuer has no subsidiaries or affiliates.

Financial Statements

Audited financial statements will be published by the Issuer on an annual basis.

The business year of the Issuer extends from 1 January to 31 December.

The first business year begins on 20 June 2006 and ends on 31 December 2006, so that the first annual general meeting of the shareholders will be held on 15 May 2007. As the Issuer is in its first year of business, no annual accounts have yet been prepared.

* The Notes are secured but not guaranteed.

The Notes will be obligations of the Issuer acting in respect of its Compartment 1 only and will not be guaranteed by, or be the responsibility of, any other person or entity. It should be noted, in particular, that the Notes will not be obligations of, and will not be guaranteed by, any Compartment of the Issuer other than Compartment 1 of the Issuer, the Finance Parties (other than the Issuer), the Trustee, the Managers, the Swap Counterparty, the Paying Agents, the Cash Manager, the Agent Bank, the Master Servicer, the Special Servicer, the Sellers, the Issuer Account Bank, the Liquidity Facility Provider or the Corporate Services Provider or any other company in the same group of companies as, or affiliated to, any of such entities.

CITIBANK INTERNATIONAL PLC

Citibank International plc (“CIP”) acts as the First Seller, the Master Servicer and the Special Servicer in relation to the Issuer.

CIP is authorised by the Financial Services Authority under the Financial Services and Markets Act 2000.

CIP engages in the provision of international corporate and investment banking, private banking and asset management and consumer banking through its various divisions and a branch network in the United Kingdom and continental Europe.

CIP has branches in Austria, Belgium, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, The Netherlands, Norway, Poland, Portugal (including in Madeira), Spain and Sweden, as well as the UK.

CIP’s 2005 annual report and accounts includes disclosure of total consolidated shareholders’ funds of £1,907.9 million (2004: £1,907.3 million) and a consolidated profit for the financial year of £64.6 million (2004: £139.3 million). CIP for these purposes includes Citibank International plc and its subsidiary undertakings to 31 December 2005.

The registered office of CIP is located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. CIP was incorporated in England and Wales on 21 December 1972 under registered number 1088249 as Citicorp International Bank Limited, assuming its current name on 1 March 1993.

The long-term senior debt obligations of CIP are currently rated AA by S&P and AA+ by Fitch.

The information in the preceding six paragraphs has been provided by CIP for use in this Prospectus. Except for the foregoing six paragraphs on this page, CIP and its affiliates do not accept responsibility for this Prospectus as a whole.

CITIBANK, N.A., LONDON BRANCH

Citibank, N.A. (“Citibank”) acts as the Second Seller, the Cash Manager, the Issuer Account Bank, the Principal Paying Agent, the Agent Bank and the Swap Counterparty in relation to the Issuer.

Citibank was originally organised on 16 June 1812, and Citibank now is a national banking association organised under the National Bank Act of 1864 of the United States. Citibank is an indirect wholly-owned subsidiary of Citigroup Inc. (“Citigroup”), a diversified global financial services holding company incorporated in Delaware. As of 31 March 2006, the total assets of Citibank and its consolidated subsidiaries represented approximately 47 per cent. of the total assets of Citigroup and its consolidated subsidiaries.

Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

Citibank, N.A., London Branch was registered in the United Kingdom as a foreign company in July 1920. The principal offices of the London Branch are located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England. The London Branch is primarily regulated by The Financial Services Authority and operated in the United Kingdom as a fully authorised commercial banking institution offering a wide range of corporate banking products.

Citibank does not publish audited financial statements. However, Citigroup publishes audited financial statements that include data relevant to Citibank and its consolidated subsidiaries, including an audited balance sheet of Citibank and its consolidated subsidiaries. The Consolidated Balance Sheets of Citibank as of 31 December 2005 and as of 31 December 2004 are set forth on page 121 of the Annual Report on Form 10-K of Citigroup and its subsidiaries for the year ended 31 December 2005 and as of 31 March 2006 and 31 December 2005 are set forth on page 80 of the Quarterly Report on Form 10-Q of Citigroup and its subsidiaries for the quarter ended 31 March 2006. Consolidated Balance Sheets of Citibank subsequent to 31 March 2006 will be included in the Form 10-Q’s (quarterly) and Form 10-K’s (annually) filed by Citigroup with the Securities and Exchange Commission (the “SEC”), which will be filed not later than 40 days after the end of the calendar quarter or 60 days after the end of the calendar year to which the report relates, or on Form 8-K with respect to certain interim events. Copies of such material may be obtained, upon payment of a duplicating fee, by writing to the SEC at 100 F Street, N.E., Washington, D.C. 20549. In addition, such reports of Citigroup are available at the SEC website (<http://www.sec.gov>).

In addition, Citibank submits quarterly to the U.S. Office of the Comptroller of the Currency (the “Comptroller”) certain reports called “Consolidated Reports of Condition and Income for a Bank With Domestic and Foreign Offices” (“Call Reports”). The Call Reports are on file with and publicly available at the Comptroller’s offices at 250 E Street, S.W., Washington, D.C. 20219 and are also available on the website of the U.S. Federal Deposit Insurance Corporation of the United States (<http://www.fdic.gov>). Each Call Report consists of a Balance Sheet, Income Statement, Changes in Equity Capital and other supporting schedules at the end of and for the period to which the report relates. The Call Reports are prepared in accordance with the regulatory instructions issued by the U.S. Federal Financial Institutions Examination Council in the United States. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about Citibank, the reports provide further information concerning the financial condition and results of operations of Citibank.

The obligations of Citibank, N.A., London Branch under the Swap Agreement will not be guaranteed by Citigroup or by any other affiliate.

The information in the preceding six paragraphs has been provided by Citibank for use in this Prospectus. Except for the foregoing six paragraphs on this page, Citibank, Citigroup and their affiliates do not accept responsibility for this Prospectus as a whole.

THE LIQUIDITY FACILITY PROVIDER

Lloyds TSB Bank plc, acting through its corporate office at Faryner's House, 25 Monument Street, London EC3R 8BQ, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. Lloyds TSB Bank plc, together with its subsidiaries and affiliates, provides a range of banking and financial services in the UK and overseas. These include providing personal, business and corporate customers with banking and other related financial services. Lloyds TSB Bank plc is regulated by the Financial Services Authority. The short term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc as at the date of this Prospectus are rated F1+ by Fitch and A-1+ by S&P.

CHARACTERISTICS OF THE LOANS AND THE RELATED PROPERTIES

Loan Origination Process

The Loan Pool consists of 8 loans, secured by mortgages on 142 properties consisting of offices, warehouses, retail properties, social housing properties, industrial spaces and parking facilities located in Belgium, France, Germany, Portugal and Sweden. The Loans have an initial aggregate balance as at the Cut-Off Date of €648,840,711*.

Three of the Loans, which collectively represent 69.6 per cent. of the Loan Pool, are fixed rate loans. Five of the Loans, which collectively represent 30.4 per cent. of the Loan Pool are floating rate loans which are EURIBOR-based or STIBOR-based in the case of the Bastuban Loan.

The Loans were originated by either Citibank International plc or Citibank, N.A., London Branch, as the case may be, between 24 May 2005 and 10 February 2006. The decision to advance any Loan (subject to obtaining satisfactory legal due diligence) was taken by Citibank International plc or Citibank, N.A., London Branch, as the case may be, in compliance with its lending criteria (the "Lending Criteria") as further described below.

In connection with the origination of the Loans, each Seller 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 the relevant Borrower to service its loan obligations and so as to analyse the quality of each Property. In order to do this, an analysis of the contractual cashflows, tenant covenants and lease terms and the overall quality of the real estate was undertaken by or on behalf of the Sellers. 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 Sunrise Loan

The Sunrise Whole Loan is a term loan facility provided in equal proportions by the Second Seller and the DB Lender. The Second Seller will sell a portion of its 50 per cent. interest in the Sunrise Whole Loan to the Issuer on the Issue Date and the outstanding principal balance of such portion, the Sunrise Loan, as at the Cut-Off Date was €275,181,822. The Second Seller has sold, or will following the Issue Date sell, its remaining interest in its 50 per cent. interest in the Sunrise Whole Loan to the Sunrise Investor.

All references in this Prospectus to the Sunrise Loan (including all financial information with respect to such Loan) are to the portion of the Sunrise Loan that is being acquired by the Issuer on the Issue Date unless stated otherwise.

The Nawon Loan

The Nawon Loan is a term loan facility originated by the First Seller. The outstanding principal balance of the Nawon Loan being sold to the Issuer as at the Cut-Off Date was €105,489,576. The Nawon Loan will be acquired by the Issuer from the First Seller on the Issue Date.

The Borrower under the Nawon Loan has also borrowed under a mezzanine facility which will not be acquired by the Issuer on the Issue Date and will instead be retained by the Nawon Mezzanine Lender.

The Elancourt Loan

The Elancourt Loan is a term loan facility originated by the First Seller. The outstanding principal balance as at the Cut-Off Date of the Elancourt Loan was €92,100,000 of which €73,450,000 (being 79.75 per cent.) represents the initial principal amount of the FCC Class A1 Notes to be purchased by the Issuer on the Issue Date and €18,650,000 represents the initial principal amount of FCC Class B1 Notes to be purchased by a third party. The Elancourt Loan will be acquired by the FCC from the First Seller on the Issue Date.

* The Bastuban Loan has been translated into Euros at the rate of €1 = SEK9.38 (being the rate for the exchange of Euros for Swedish Krona as of April 2006) and rounded down to the nearest Euro. In determining such balance, only 79.75 per cent. of the Elancourt Loan is included as this represents the initial principal amount of the FCC Class A1 Notes to be acquired by the Issuer on the Issue Date.

The Nibelung Loan

The Nibelung Loan is a term loan facility originated by the Second Seller. The outstanding principal balance as at the Cut-Off Date was €71,174,537. The Nibelung Loan will be acquired by the Issuer from the Second Seller on the Issue Date.

The Selaht Loan

The Selaht Loan is a term loan facility originated by the First Seller. The outstanding principal balance as at the Cut-Off Date of the Selaht Loan was €60,000,000. The Selaht Loan will be acquired by the FCC from the First Seller on the Issue Date.

The Bastuban Loan

The Bastuban Whole Loan is a term loan facility originated by the First Seller. The First Seller is only selling a portion of the Bastuban Whole Loan to the Issuer on the Issue Date and the outstanding principal balance of such portion, the Bastuban Loan, as at the Cut-Off Date was €41,044,776*. The First Seller has sold, or will following the Issue Date sell, its remaining interest in the Bastuban Whole Loan to the Bastuban Investor.

All references in this Prospectus to the Bastuban Loan (including all financial information with respect to such Loan) are to the portion of the Bastuban Loan that is being acquired by the Issuer on the Issue Date unless stated otherwise

The Degi – Entrecampos Loan

The Degi – Entrecampos Loan is a term loan facility. The outstanding principal balance as at the Cut-Off Date of the Degi – Entrecampos Loan was €14,500,000. The Degi – Entrecampos Loan will be acquired by SAGRES from the First Seller on the Issue Date.

The Degi – Expo Tower Loan

The Degi – Expo Tower Loan is a term loan facility. The outstanding principal balance as at the Cut-Off Date of the Degi – Expo Tower Loan was €8,000,000. The Degi – Expo Tower Loan will be acquired by SAGRES from the First Seller on the Issue Date.

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 relevant Seller by the respective Borrowers, other than assumptions or projections used in calculating such statistics, which were determined by the relevant Seller.

For the purposes of the descriptions of the loans herein, the following defined terms have the meanings set out below.

“DSCR”, with respect to each Loan, is the annual net cashflow of the relevant Property(ies) divided by the scheduled interest and principal payments for such Loan for the next 12 months.

“ERV” means, with respect to a Property, the estimated rental value of the relevant Property.

“ICR”, with respect to each Loan, is the annual net cashflow of the relevant Property(ies) divided by the scheduled interest payments for such Loan for the next 12 months.

“LTV” means, with respect to any Loan, the principal balance of such Loan as of the Cut-Off Date divided by the aggregate value of the Properties securing the related Loan based on the most recent valuation.

“OMV” means, with respect to a Property, the most recent open market valuation of the relevant Property.

“VPV” means, with respect to a Property, the vacant possession value of the relevant Property.

References to “Loan” below in so far as they relate to the Elancourt Loan means only the portion that represents the initial principal amount of the FCC Class A1 Notes to be acquired by the Issuer on the Issue Date which, as of the Cut-Off Date, had an outstanding principal balance of €73,450,000 (being 79.75 per cent.).

* The Bastuban Loan has been translated into Euros at the rate of €1 = SEK9.38 (being the rate for the exchange of Euros for Swedish Krona as of April 2006) and rounded down to the nearest Euro.

Transaction Summary

Cut-Off Date Balance (€)	648,840,711
Number of Loans	8
Number of Properties	142
Number of Tenants	474*

* Without accounting for the Nawon Loan

	Weighted Average	Minimum	Maximum
Cut-Off LTV Ratio (%)	72.8	33.4	86.4
LTV Ratio at Loan Maturity (%)	69.4	33.4	76.3
Cut-Off Date ICR (x)	2.15	1.59	5.92
Cut-Off Date DSCR (x)	1.93	1.07	5.92
Cut-Off Date Balance (€)	81,105,089	8,000,000	275,181,822
Remaining Loan Term (months)	55.84	49.15	57.76

Cut-Off Date Balances	Number of Loans	Balance (€)	%
Less than or equal to €5 million	—	—	—
€5 million < x ≤ €25 million	2	22,500,000	3.5
€25 million < x ≤ €45 million	1	41,044,776	6.3
€45 million < x ≤ €65 million	1	60,000,000	9.2
€65 million < x ≤ €85 million	2	144,624,537	22.3
€85 million < x ≤ €205 million	1	105,489,576	16.3
€205 million < x ≤ €280 million	1	275,181,822	42.4
Grand Total	8	648,840,711	100.0

Cut-Off Date Loan to Value (%)	Number of Loans	Balance (€)	%
Less than or equal to 50%	2	22,500,000	3.5
50% < x ≤ 60%	1	60,000,000	9.2
60% < x ≤ 70%	2	114,494,776	17.6
70% < x ≤ 80%	3	451,845,935	69.6
Grand Total	8	648,840,711	100.0

Loan to Value at Loan Maturity	Number of Loans	Balance (€)	%
Less than or equal to 50%	2	22,500,000	3.5
50% < x ≤ 60%	2	101,044,776	15.6
60% < x ≤ 70%	1	73,450,000	11.3
70% < x ≤ 80%	3	451,845,935	69.6
Grand Total	8	648,840,711	100.0

Cut-Off Date ICR	Number of Loans	Balance (€)	%
1.00 < x ≤ 1.50	—	—	—
1.50 < x ≤ 2.00	3	451,845,935	69.6
2.00 < x ≤ 2.50	2	101,044,776	15.6
2.50 < x ≤ 3.50	1	73,450,000	11.3
3.50 < x ≤ 4.50	—	—	—
4.50 < x ≤ 5.50	1	8,000,000	1.2
5.50 < x ≤ 6.50	1	14,500,000	2.2
Grand Total	8	648,840,711	100.0

Cut-Off Date DSCR	Number of Loans	Balance (€)	%
less than or equal to 1.25	1	71,174,537	11.0
1.25 < x ≤ 1.50	1	105,489,576	16.3
1.50 < x ≤ 2.00	1	275,181,822	42.4
2.00 < x ≤ 2.10	1	73,450,000	11.3
2.10 < x ≤ 2.35	1	41,044,776	6.3
2.35 < x ≤ 4.35	1	60,000,000	9.2
4.35 < x ≤ 6.35	2	22,500,000	3.5
Grand Total	8	648,840,711	100.0

Whole Loan Margin	Number of Loans	Balance (€)	%
Less than or equal to 0.50%	2	22,500,000	3.5
0.50% < x ≤ 1.00%	—	—	—
1.00% < x ≤ 1.50%	5	555,166,174	85.6
1.50% < x ≤ 2.00%	1	71,174,537	11.0
Grand Total	8	648,840,711	100.0

Loan Margin (Senior Only)	Number of Loans	Balance (€)	%
Less than or equal to 0.50%	2	22,500,000	3.5
0.50% < x ≤ 1.00%	2	348,631,822	53.7
1.00% < x ≤ 1.25%	2	101,044,776	15.6
1.25% < x ≤ 1.95%	2	176,644,113	27.2
Grand Total	8	648,840,711	100.0

Remaining Loan Term (months)	Number of Loans	Cut-Off Date Balance	% of Cut-Off Date Balance
Less than or equal to 50.2	1	41,044,776	6.3
50.2 < x ≤ 52.2	0	—	—
52.2 < x ≤ 54.2	1	105,489,576	16.3
54.2 < x ≤ 56.2	3	82,500,000	12.7
56.2 < x ≤ 58.2	3	419,806,359	64.7
Grand Total	8	648,840,711	100.0

Year of Maturity	Number of Loans	Cut-Off Date Balance	% of Cut-Off Date Balance
2010	5	229,034,352	35.3
2011	3	419,806,359	64.7
Grand Total	8	648,840,711	100.0

Interest Rate Type (Fixed/Floating)	Number of Loans	Cut-Off Date Balance	% of Cut-Off Date Balance
Fixed	3	451,845,935	69.6
Floating	5	196,994,776	30.4
Grand Total	8	648,840,711	100.0

Year of Origination of the Loan	Number of Loans	Cut-Off Date Balance	% of Cut-Off Date Balance
2005	6	504,216,174	77.7
2006	2	144,624,537	22.3
Grand Total	8	648,840,711	100.0

20 Largest Tenant Exposures (Tenant Name)	Annual Rent*	% of Total Rent
Thales S.A.	8,506,344	12.7
EADS	6,375,000	9.5
SCA Hygiene Products AB	5,305,626	7.9
C&A	3,462,884	5.2
PT Prime-Soluções Empresariais de telecomunicações e Sistemas S.A.	3,032,677	4.5
Fujitsu-Siemens Computers GmbH	1,372,004	2.0
REAL (EXTRA) Deutschland GmbH	1,323,109	2.0
Flextronics International Ltd	1,270,044	1.9
Roller	1,255,066	1.9
Siemens AG	1,081,573	1.6
MGI Metro Group	1,068,594	1.6
Top Atlântico Turismo – Holding de Distribuição Turística, SGPS	1,010,163	1.5
Steckhahn & Peters	920,326	1.4
OCE – Belgium	796,581	1.2
Karstadt Kompakt GmbH & Co. KG	750,876	1.1
V-Markt	748,177	1.1
Rewe & Co	685,415	1.0
P & C	557,451	0.8
Securicor Geld	453,318	0.7
CSS Interc	447,626	0.7
Total of top 20 tenants	40,422,852	60.3
Total of all tenants**	67,009,447	100

* Based on 50 per cent. interest in respect of the Sunrise Loan

** Including the rent from the Nawon Loan

Tenant Lease Expiry (Date)*	Annual Rent	% of Total Rent
2005	210,502	0.3
2006	2,610,729	3.9
2007	1,028,546	1.5
2008	3,394,933	5.1
2009	10,147,737	15.1
2010	9,196,662	13.7
2011	8,236,074	12.3
2012	2,785,852	4.2
2013	1,343,665	2.0
2014	2,225,815	3.3
2015	3,756,139	5.6
Beyond 2015	9,388,554	14.0
NA**	12,684,240	18.9
Grand Total	67,009,447	100.0

* Based on 50 per cent. interest in respect of the Sunrise Loan

** Includes vacant units where income is guaranteed and the income on the Nawon Loan

Year of Valuation	Number of Properties	OMV*	% OMV
2005	127	701,948,394	74.5
2006	15	240,666,000	25.5
Grand Total	142	942,614,394	100.0

* Based on 50 per cent. interest in respect of the Sunrise Loan

Property	Number of Properties	OMV*	% OMV
Shopping Centre	14	122,533,000	13.0
Retail Warehouse	18	78,578,500	8.3
Residential – multi family	61	158,350,000	16.8
Production	1	43,000,000	4.6
Office / Warehouse	1	2,950,000	0.3
Office / Storage / Ancillary	1	10,200,000	1.1
Office / Light Industrial	7	100,310,000	10.6
Office	8	265,023,394	28.1
Mixed Use	1	8,790,000	0.9
Mixed Commercial	9	67,900,000	7.2
High Street	19	83,329,500	8.8
Car Parking	2	1,650,000	0.2
Grand Total	142	942,614,394	100.0

* Based on 50 per cent. interest in respect of the Sunrise Loan

Borrower	Loan Name	Cut-Off Date Balance	% of Total Balance	Interest Basis	Initial Drawdown Date	Final Maturity Date	Total No of Properties	Total No of Tenants	LTV Ratio at		Cut-Off Date ICR	Cut-Off Date DSCR	Property Type	Jurisdiction of Property
									Cut-Off Date LTV Ratio	Loan Maturity				
Dawngay, Day Treveria Plc	Sunrise	275,181,822	42.4	Fixed	20-Dec-05	20-Jan-11	61	435	76.2%	76.2%	1.96	1.96	Mixed Retail Residential – multi family	Germany
Nawon Groep	Nawon	105,489,576	16.3	Fixed	04-Oct-05	04-Oct-10	63	NA	78.0%	70.0%	1.81	1.26	Office	Germany
Alesraa Gennenvilliers Broombridge Holdings Ltd/Lumley Holdings Ltd/Challenging Properties Ltd	Elancourt	73,450,000*	11.3	Floating	10-Feb-06	10-Feb-11	1	2	62.7%	61.9%	2.62	2.00	Office	France
	Nibelung	71,174,537	11.0	Fixed	25-Jan-06	25-Jan-11	7	27	86.4%	76.3%	1.59	1.07	Office	Germany & Belgium
Alesraa Gennenvilliers BRE/Bastuban	Selaht Bastuban	60,000,000	9.2	Floating	16-Nov-05	16-Nov-10	7	2	59.8%	59.8%	2.37	2.37	Office / Light Industrial	France
DEGI Deutsche Gesellschaft für Immobilienfonds mbH, DEGI	Dege – Entrecampos	41,044,776	6.3	Floating	24-May-05	24-May-10	1	3	70.0%	56.5%	2.19	2.19	Office	Sweden
DEGI Deutsche Gesellschaft für Immobilienfonds mbH, DEGI	Dege – Expo	14,500,000	2.2	Floating	22-Dec-05	22-Dec-10	1	1	33.4%	33.4%	5.92	5.92	Office	Portugal
		8,000,000	1.2	Floating	04-Nov-05	04-Nov-10	1	4	40.9%	40.9%	5.03	5.03	Office	Portugal

* In determining such balance, only 79.75 per cent. of the Elancourt Loan is included as this represents the initial principal amount of the FCC Class A1 Notes to be acquired by the Issuer on the Issue Date.

Payment of Loans (quarter ending)	Expected Amortisation (including balloon payments)	Expected Amortisation (excluding balloon payments)
April-2006	1,080,463	1,080,463
July-2006	991,084	991,084
October-2006	993,319	993,319
January-2007	1,367,536	1,367,536
April-2007	1,103,071	1,103,071
July-2007	1,915,059	1,915,059
October-2007	1,910,896	1,910,896
January-2008	2,234,516	2,234,516
April-2008	1,919,819	1,919,819
July-2008	2,015,594	2,015,594
October-2008	2,006,040	2,006,040
January-2009	2,360,763	2,360,763
April-2009	2,060,049	2,060,049
July-2009	1,830,870	1,830,870
October-2009	1,813,994	1,813,994
January-2010	1,775,263	1,775,263
April-2010	1,852,532	1,852,532
July-2010	33,774,293	1,246,681
October-2010	93,881,220	346,643
January-2011	420,584,793	0
April-2011	72,450,000	0

Lending Criteria

Prior to the making of each advance comprised in a Loan, each Seller, as originator, evaluated the corresponding Property or Properties in a manner generally consistent with the standards described below.

Lending philosophy

Lending guidelines in the commercial mortgage market can only be general principles which may be varied on a case by case basis in accordance with the Sellers' lending criteria. The lending criteria have continuously evolved over time to reflect both the Sellers' experience and changing market conditions. Notwithstanding this, each Seller believes that its standard lending criteria has been applied to the majority of its loans in the Loan Pool throughout the time during which the Loan Pool has been originated, subject to such waivers as may have been applied to individual transactions from time to time. Each Seller provides financing secured on commercial investment mortgage properties targeting established commercial property investors in the UK and in continental Europe.

Types of Borrowers

Generally the Borrowers will be recently established special purpose entities incorporated to purchase the relevant Property. If existing property owning companies are used as Borrowers, the Seller will have satisfied itself that any contingent or residual liabilities are either minimal or otherwise of the type that should be acceptable to an experienced commercial property lender.

Related Security

First ranking perfected mortgages are obtained in all cases (except the Nawon Loan – see “*Risk Factors – Considerations relating to the Properties – Risks Relating to Residential Properties/Social Housing*”), together with pledges over rent receivables and accounts in forms consistent with local market practice unless there are legal restrictions preventing such pledges (for example, the inability to grant account charges by the KAGs) (See “*Risk Factors – Considerations relating to the Borrowers – The Degi – Expo Tower Loan and Degi – Entrecampos Loan*”).

Advance level

Each Seller will generally provide secured financing advances with a maximum LTV of up to 95 per cent. of the lesser of the appraised value or the cost. Each Seller also generally requires a minimum interest coverage ratio of up to 2.00.

Purpose of the Loan

The purpose of the Loan will be the acquisition or refinancing of commercial real estate and/or the acquisition of shares of property owning companies (together with associated fees and expenses) and/or general purposes.

Insurance

Each Seller will expect, to the extent it is possible, each Borrower to effect or procure, prior to a loan being drawn, that insurance of the relevant Property, on a full reinstatement basis including not less than three years' loss of rent, is in place.

Diligence in Connection with the Loans

In connection with the origination of each Loan, the Sellers evaluated the corresponding Property or Properties as described below.

Title and other investigation

Reports (the “Reports”) in relation to all of the Properties were issued on/prior to the origination date of the relevant Loan by the lawyers or notaries of each Borrower to the relevant Lender or the relevant Security Agent (as the case may be), for the benefit of, *inter alia*, the relevant Seller.

The investigation required to provide the Reports included the usual review of title documentation and Land Registry entries (including any lease under which a Property was held) together with all usual Land Registry, Local Authority and other appropriate searches. In addition, all leases and tenancies affecting the Properties were reviewed and the basic terms (including, among other things, details of rent reviews and tenant's determination rights) were included in the Reports.

The Sellers' lawyers or notaries also reviewed the Reports issued by the lawyers or notaries of each Borrower, confirmed the adequacy of the form and content of the Reports and highlighted any matters that they considered should be drawn to the attention of the relevant Seller and the valuer.

Capacity of Borrowers

The Sellers' lawyers or notaries satisfied themselves that each Borrower was validly incorporated, had sufficient power and capacity to enter into the proposed transaction, whether it was subject to any existing mortgages or charges, whether it was the subject of any insolvency proceedings, and generally that the Borrowers had complied with any necessary formalities.

Registration of Related Security

Following drawdown of each Loan, the lawyers or notaries acting for the Sellers 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). The title deeds in relation to each of the Properties are held by the relevant Seller or on its behalf or that of the relevant Security Agent (as the case may be) and it is expected that this will continue to be the case after the origination date of the relevant Loan.

Valuations

An independent valuer conducted a relevant valuation in order to establish the approximate value of the relevant Property or Properties. The recent valuations are the basis for the valuation figures contained within this Prospectus.

Occupancy statements, operating statements and other data

The Sellers 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.

The Credit Agreements

Loan drawdown

None of the Loans places an obligation on the Lender to make any further advance to the relevant Borrower. Following the sale of the Loans to the Issuer, neither the Master Servicer nor the Special Servicer may agree to any amendments of the terms of a Loan that would require the Issuer to make any further advances to the relevant Borrower.

Conditions precedent

Each Seller's obligation to make a Loan under the relevant Credit Agreement was subject to the relevant Lender or the relevant Security Agent (as the case may be) 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 minutes for the relevant Borrower, an Initial Valuation in respect of the relevant Borrower's interest in the Portfolio, evidence of appropriate insurance cover in respect of the relevant Property or Properties, all title documents relating to the relevant Borrower's interest in the Portfolio, copies of all title searches related to the relevant Borrower's interest in the Portfolio, execution of the Finance Documents (including the relevant Security Agreements) and information relating to the appointment of the managing agent documents.

Interest and amortisation payments/repayments

Interest under each Loan will be paid in quarterly instalments as specified in the relevant Credit Agreement.

The Credit Agreements provide for scheduled amortisation payments to be made by the relevant Borrower in respect of the Bastuban Loan, the Nawon Loan and the Nibelung Loan, see "*Description of the Loans and the related Properties*" below.

The Credit Agreements permit the relevant Borrowers to prepay the relevant Loans on any Loan Interest Payment Date in whole or in part. Voluntary prepayment of a Loan may be subject to payment of the following certain prepayment fees by the relevant Borrower, as described under “*Description of the Loans and the related Properties*” below.

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 Lender an amount (determined by the Lender) that would compensate the 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 Lender’s related funding arrangements (including, but not limited to, any swap arrangements) (the “Break Costs”), in each case as more specifically set out in the relevant Credit Agreement.

“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.

Sale of the French Loans and the French Loan Related Security

Consideration

The purchase price payable by the FCC to the First Seller in respect of the French Loans and the French Loan Related Security will be (i) a sum equal to the outstanding aggregate principal amount of the French Loans on the Cut-Off Date (such amount being funded by the proceeds of the issuance of the FCC Notes on the Issue Date) and (ii) an amount equal to interest due to be paid or accrued and unpaid as at the Issue Date under the French Loans, this amount being the “French Loan Residual Consideration”. The French Loan Residual Consideration will, until paid in full, be payable on each FCC Note Interest Payment Date out of funds that would, but for the requirement to pay the French Loan Residual Consideration, be available to pay the FCC Residual Notes.

Transfer and perfection

The transfer of title to the French Loans and French Loan Related Security pursuant to the FCC Mortgage Sale Agreements will be completed by the relevant Sellers delivering to the FCC Management Company, acting in the name and on behalf of the relevant FCC Compartment to which will be allocated the relevant French Loan, a transfer document entitled *actes de cession de créances* (the “French Loan Transfer Deeds”) in the form prescribed by Article L. 214-43 and Article R. 214-109 of the French *Code monétaire et financier* which sets out various provisions of the French *Code monétaire et financier*. The delivery of the French Loan Transfer Deeds makes the transfer of the French Loans and the French Loan Related Security binding upon third parties as at the date of these French Loan Transfer Deeds without the requirement of any further act. The French Loan Transfer Deeds will be held in custody by the FCC Custodian.

Sale of the Portuguese Loans

Consideration

The purchase price payable by SAGRES to the First Seller in respect of the Portuguese Loans and Related Security will be (i) a sum equal to the outstanding aggregate principal amount of the Portuguese Loans on the Cut-Off Date (such amount being funded by the proceeds of the issuance of the SAGRES Notes) and (ii) an amount equal to interest due to be paid or accrued and unpaid as at the Issue Date under the Portuguese Loans, this amount being the “SAGRES Loan Residual Consideration”. The SAGRES Loan Residual Consideration will, until paid in full, be payable on

each SAGRES Note Interest Payment Date out of funds that would, but for the requirement to pay the SAGRES Loan Residual Consideration, be available to pay the residual amounts on the SAGRES Notes.

Transfer and perfection

Under the Portuguese Securitisation Law, the sale of credits for securitisation is effected by way of assignment of credits.

In general, under Portuguese law an assignment of credits is effective against the relevant debtor after notification of assignment is made to such debtor, however, when the assignment of credits is made under the Portuguese Securitisation Law by, *inter alios*, credit institutions or financial companies, and such entities are the servicers of the credits in which case there is no requirement to notify the relevant debtor since such assignment is deemed to be effective in relation to such debtor when it is effective between assignor and assignee. Furthermore, under German law (which is the governing law of the Portuguese Loans) a borrower is not required to be notified of the date of the assignment. Nevertheless, the Portuguese Borrowers will be notified of the sale of the Portuguese Loans.

Assignment formalities

There are no specific formality requirements for an assignment of credits under the Portuguese Securitisation Law. A simple contract between the parties is sufficient for a valid assignment to occur (including an assignment of mortgage loans). Transfer by means of a notarial deed is not required. In the case of an assignment of mortgage loans, the signatures to the assignment contract must be certified by a notary public or the company secretary of each party (when the parties have appointed such a person).

In order to perfect an assignment of mortgage loans against third parties, the assignment must be followed by the corresponding registration of the transfer of the mortgage loans in the relevant Real Estate Registry Office.

Assignment and Insolvency

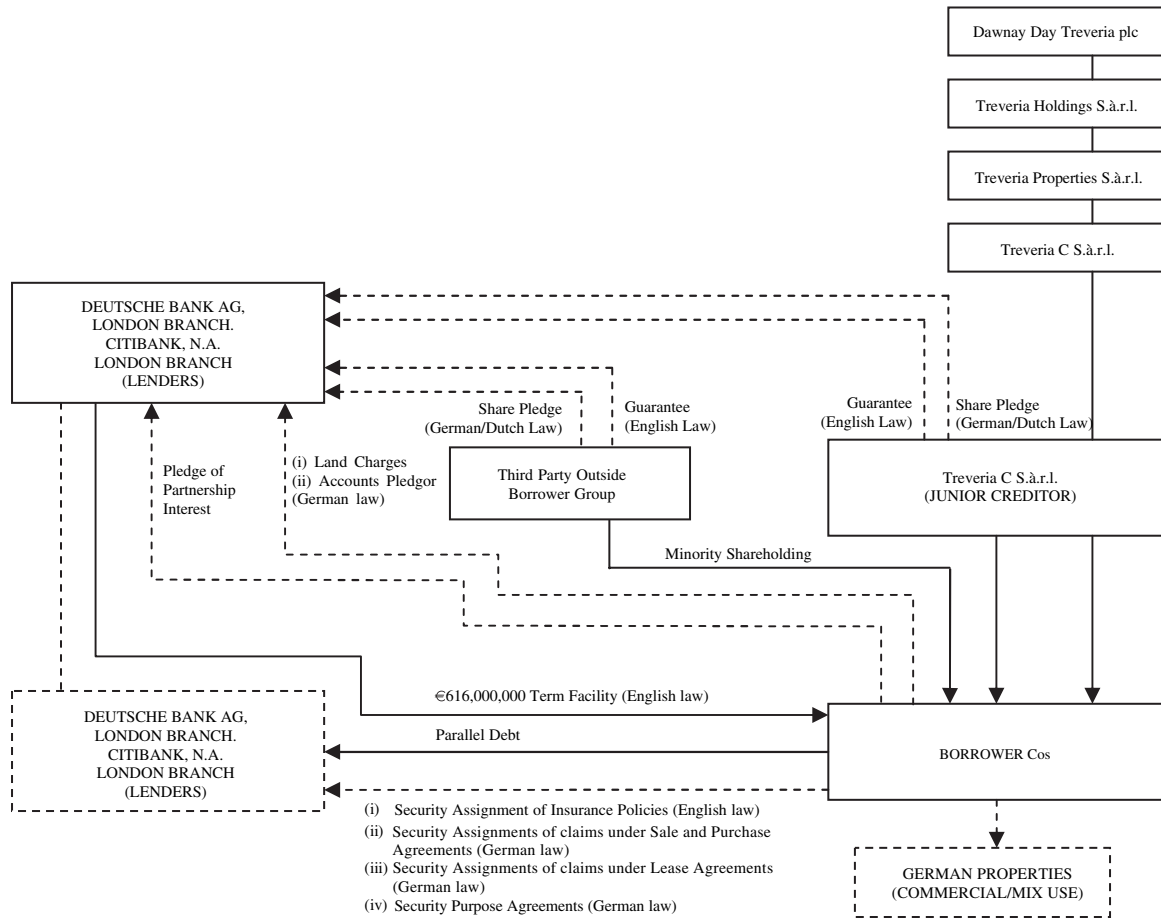
Unless an assignment of credits is effected in bad faith, such assignment under the Portuguese Securitisation Law cannot be challenged for the benefit of the assignor's insolvency estate and any payments made to the assignor in respect of credits assigned prior to a declaration of insolvency will not form part of the assignor's insolvency estate even when the term of the credits falls after the date of declaration of insolvency of the assignor. In addition any amounts held by the servicer as a result of its collection of payments in respect of the credits assigned under the Portuguese Securitisation Law will not form part of the servicer's insolvency estate.

Sale of the Direct Loans

The purchase price payable by the Issuer to the relevant Sellers in respect of the French Loans and the French Loan Related Security will be (i) a sum equal to the outstanding aggregate principal amount of the Direct Loans on the Cut-Off Date (such amount being funded by the proceeds of the issuance of the Rated Notes (other than Class X Notes) on the Issue Date and (ii) an amount equal to interest due to be paid or accrued and unpaid as at the Issue Date under the Direct Loans, this amount being the "Direct Loan Residual Consideration". The Direct Loan Residual Consideration will, until paid in full, be payable on each Interest Payment Date out of funds that would, but for the requirement to pay the Direct Loan Residual Consideration, be available to pay the Class R Notes.

DESCRIPTION OF THE LOANS AND THE RELATED PROPERTIES

SUNRISE LOAN



Loan Information		Property Information	
Cut-Off Date Balance:	€275,181,822	Single Asset/Portfolio:	Portfolio (61 Properties)
First Payment Date:	20 July 2006	Property Type:	Commercial and mixed use
Loan Purpose:	Refinance/acquisition for investment	Location:	Germany
Interest Rate:	Fixed	NR Sq. M.:	282,706
Hedging at Lender Level:	Yes	Type of Ownership:	Freehold
Maturity Date:	20 January 2011	Property Management:	Dawнай Day, Treveria Real Estate Asset Management Limited
Borrowers:	Subsidiaries of Dawнай Day Treveria plc	Gross Income:	€24,182,883
Interest Calculation:*	1.10% plus a fixed rate of 3.483% plus a mandatory cost (if any)	Expenses:	€1,004,037
Amortisation:	Interest only	Net Rental Income:	€23,178,846
Cut-off LTV:	76.2%	Initial Value:	€361,131,000
Loan Maturity Date LTV:	76.2%	Initial Valuation Date:	1 November 2005
ICR:	1.96	Initial Valuation Firm:	DTZ Debenham Tie Leung
DSCR:	1.96	Loan per Sq. M.:	€973.39
		Expected/Estimated Rental Value:	€31,331,448

* In respect of the Sunrise Whole Loan

Loan Information	Property Information
Prepayment Penalties: Before Jan 2007: 1.75% Jan 2007 to Jan 2008: 1.50% Jan 2008 to Jan 2009: 1.00% Jan 2009 to Jan 2010: 0.75% Jan 2010 to Jan 2011: 0.25% none thereafter	Vacancy Rate: 3.8% Weighted Average Lease Term: 25 July 2012

The Loan

The loan (the “Sunrise Loan”) was originated by Citibank, N.A., London Branch and Deutsche Bank AG, London Branch (the “DB Lender”) pursuant to a facility agreement dated 23 November 2005, as amended and restated on 19 December 2005, 16 January 2006 and 31 January 2006. The Sunrise Loan is secured by, *inter alia*, (i) first ranking land charges over the Sunrise Property and security purpose agreements in connection with the land charges under German law; (ii) share pledges over the issued share capital of, or pledge of partnership interest in, the German Sunrise Borrowers under German law; share pledges in respect of the Dutch Sunrise Borrowers under Dutch law; (iii) pledges over certain bank accounts of the Sunrise Borrowers under German law; (iv) assignments of insurance policies in connection with the Sunrise Property under English law; (v) assignments of the claims under the sale and purchase agreements in connection with the Sunrise Property under German law; (vi) assignments of the claims under the lease agreements in connection with the Sunrise Property under German law. The Sunrise Borrowers’ obligations are guaranteed by the Sunrise Parent.

For further information, refer to the section entitled “*Enforcement Procedures*”.

Sunrise Whole Loan

The Sunrise Loan represents a portion of the full amount of the loan (the “Sunrise Whole Loan”). The Second Seller has sold, or will following the Issue Date sell, part of its 50 per cent. interest (its 50 per cent. interest being as at the Cut-Off Date €288,904,800) in the Sunrise Whole Loan to a third party investor. Such interest will not be acquired by the Issuer on the Issue Date and will instead be retained by the Second Seller and thereafter a third party investor who is not a party to this securitisation. The Second Seller will sell the remainder of its 50 per cent. interest in the Sunrise Whole Loan to the Issuer on the Issue Date. The remaining portion of 50 per cent. interest in the Sunrise Whole Loan will be retained by the DB Lender, the other lender of the Sunrise Whole Loan.

The Issuer will not hold a majority of the outstanding obligations under the Sunrise Loan and consents required from the lenders may, in certain circumstances, be given by the facility agent or special servicer in respect of the Sunrise Whole Loan with or without the approval of the Sunrise Senior Lenders as the servicing arrangements agreed between the Sunrise Senior Lenders and certain subordinated lenders in connection with the Sunrise Whole Loan provide for a facility agent appointed under the servicing arrangements to co-ordinate the views of the Sunrise Senior Lenders (as represented by the servicers appointed thereby) and certain subordinated lenders in respect of any proposed modifications, waivers, amendments and consents. Provided that the Sunrise Whole Loan is not being “specially serviced” (due to, amongst other things, payment default, enforcement proceedings or insolvency events in respect of the Sunrise Borrowers) the facility agent will seek instructions from the servicers appointed by the Sunrise Senior Lenders and the subordinated lenders based upon the provisions of the facility agreement in respect of the Sunrise Whole Loan which requires, variously, majority or unanimous agreement, depending on the nature of the modification, waiver, amendment or consent; in some cases neither majority or unanimous agreement is specified and in these cases the servicing arrangements provide for the facility agent to attempt to establish a consensus approach. In the event of deadlock or a failure to establish a consensus approach in relation to a proposed modification, waiver, amendment and/or consent, the facility agent will make the final decision based on the best interests (in its opinion) of each of the Sunrise Senior Lenders and the subordinated lenders and a servicing standard which is substantially the same as the Servicing Standard. If the Sunrise Whole Loan is being “specially serviced” then the decisions in relation to modifications, waivers, amendments and/or consents will be taken by the special servicer (initially Citibank International plc) in respect of the Sunrise Whole Loan in accordance with the Servicing Standard, subject to consultation with operating advisers which may be appointed by the controlling party, unless and until the special servicer is replaced by or at the instruction of the controlling party. The controlling party will be the subordinated lenders provided that a control valuation event has not

occurred. If a control valuation event has occurred the controlling party will be a representative of each of the holders of the most junior ranking class of Notes and, following any securitisation of the DB Loan, the issuer in relation to such securitisation; or, if no such securitisation occurs, the DB Lender. Control valuation event has a meaning, in respect of the Sunrise Whole Loan, substantially similar to Subordinated Lender Control Valuation Event as defined in this Prospectus.

However, the facility agent and the servicers appointed by the Sunrise Senior Lenders and subordinated lenders in respect of the Sunrise Whole Loan must at all times act in accordance with a servicing standard and within the limits of the relevant servicing agreement (including by taking immediate action if such action is required by the Servicing Standard and refraining from following any instruction or provision of the relevant Servicing Agreement if this would contradict the relevant Servicing Standard).

The interest rate of the Sunrise Whole Loan is the sum of (i) 1.10 per cent. per annum plus (ii) a fixed rate, which has been determined to be 3.4826 per cent. plus (iii) a mandatory cost (if any) for the compliance with the requirements of the relevant regulatory authorities to be calculated on the first day of each interest period.

The Sunrise Borrower has not entered into any swap agreements in relation to the Sunrise Loan.

The interest rate on the Sunrise Loan is payable at a fixed rate. The Issuer will enter into an interest rate swap agreement on off market terms with the Swap Counterparty (a Fixed/Floating Swap Transaction) that requires (a) the Issuer to pay to the Swap Counterparty a fixed rate of 3.4826 per cent. and (b) the Swap Counterparty to pay to the Issuer an amount calculated by reference to a three months EURIBOR rate on a notional amount equal to the principal amount of the Sunrise Loan. In the event of any repayment or prepayment of principal on the Sunrise Loan, this will effectively result in a partial termination of the relevant Fixed/Floating Swap Transaction and there may be a termination payment due from the Issuer to the Swap Counterparty. The mark to market value of such Fixed/Floating Swap Transaction at the date of this Prospectus was approximately €4,180,277 in favour of the Issuer.

The Sunrise Borrower undertakes to ensure that the aggregate sum of the Sunrise Loan to value at any time does not exceed 95 per cent.

The Sunrise Borrower is also obliged to maintain an interest cover ratio (to be calculated in accordance with the Sunrise Loan) of 155 per cent. An interest cover ratio of less than 125 per cent. would trigger an event of default under the Sunrise Loan.

The Borrowers

The borrowers under the Sunrise Loan (the “Sunrise Borrowers” and each a “Sunrise Borrower”) are indirect subsidiaries of Dawnay Day Treveria plc and direct subsidiaries of Treveria C S.à r.l., a limited liability company formed under the laws of Luxembourg (the “Sunrise Parent”). The Sunrise Borrowers are either limited liability companies (GmbH) incorporated in Germany or B.V.s incorporated in the Netherlands except that one of the Sunrise Borrowers is a limited partnership incorporated under the laws of Germany.

In relation to the Sunrise Loan, the majority shareholding of almost all the Sunrise Borrowers is held by a company within the Sunrise Borrower group (the “Sunrise Majority Shareholders”) and the minority shareholding is held by a company within the Dawnay Day group (with the exception of one Sunrise Borrower the minority shareholding of which is held by Deltaheart Investments Limited) (the “Sunrise Minority Shareholders”). The minority shareholdings of each Sunrise Borrower are 5.1 per cent. or 5.2 per cent., as the case may be, of the shares of such relevant Sunrise Borrower. However each of the Sunrise Minority Shareholders has granted to the relevant Sunrise Majority Shareholders a right to purchase the minority shareholding in the relevant Sunrise Borrower at market value at any time.

Both the Sunrise majority shareholdings and Sunrise minority shareholdings are pledged in favour of the relevant Security Agent as security for guarantees of the Sunrise Borrowers’ obligations under the Sunrise Loan.

The Sunrise Loan comprises a number of secured loans made to multiple borrowers on a several basis whereby each Sunrise Borrower was incorporated or established for the purposes of acquiring, managing, leasing, letting and owning properties (certain other activities are also permitted under the relevant financing agreements e.g. the holding of certain shares in property owning companies, entry into head leases and related activities permitted under the finance documents which restrict the

activities to those required for the ownership and operation of the properties or shareholdings held). No single Sunrise Borrower owns more than three properties nor has borrowed more than €29,840,000 and the valuation of the largest single Sunrise Borrower's portfolio does not exceed €37,300,000.

The Sunrise Parent

The Sunrise Parent, Treveria C S.à r.l., was incorporated under the laws of Luxembourg on 18 November 2005 as a limited liability company (*société à responsabilité limitée*) with its registered office at 5, rue Guillaume Kroll, L-1882 Luxembourg (fax number: +35 24 81 82 83 461). It is registered with the Luxembourg Commercial Register under registered number RCS Luxembourg B 112 020.

The Sunrise Parent is a special purpose vehicle. As of the date of this Prospectus, the Sunrise Parent has not been obliged to produce nor has it produced any financial statements nor has it carried on activities other than activity as the holding company of the Sunrise Borrowers.

Principal Activities

The principal objects of the Sunrise Parent are, *inter alia*, to carry on the business of an investment holding company, to enter into loan arrangements, to raise or borrow money and to grant security over its assets for such purposes and to lend money with or without security to subsidiaries or affiliated companies. The Sunrise Parent has also provided a subordinated loan to the Sunrise Borrowers. See "*Subordinated Loan*" below for further information.

Corporate Administration and Management

The directors/managers of the Sunrise Parent and their respective business addresses are:

Name of Directors/Managers	Business Address
Mrs. Noëlla Antoine	5, rue Guillaume Kroll, L-1882 Luxembourg
Mrs. Delphine André	5, rue Guillaume Kroll, L-1882 Luxembourg
John M. Cassin	20, rue de Trèves, L-2631 Luxembourg

The directors are either employees of a corporate service provider or the parent company of the Sunrise Parent.

Capitalisation

The issued share capital of the Sunrise Parent is € 12,500 divided into 500 fully paid up, registered shares with a par value of €25 each. Dawnay Day Treveria plc, through its wholly-owned subsidiaries, is the majority shareholder with a 89 per cent. shareholding. The remaining 11 per cent. shareholding is held indirectly by Arba Investments Sarl.

The Property

The Sunrise Property is a portfolio of 61 commercial and mixed use properties located in Germany. The allocation of the portfolio by asset classification type is as follows:

Asset Classification type	%
High Street	23.07
Mixed Commercial	18.80
Mixed Use	2.43
Retail Warehouse	21.76
Shopping Centre	33.93

The major tenants of the Sunrise Property are as follows:

Major Tenants	Rent (€)	% of Total Rent
C&A	3,462,884	14.3
REAL (EXTRA) Deutschland GmbH	1,323,109	5.5
Roller	1,255,066	5.2
MGI Metro Group	1,068,594	4.4

Condominium Ownership

In some cases, since the relevant Sunrise Borrowers have ownership of a unit in a condominium they will hold such property as a co-owner with other owners who also own units in the condominium. The transfer of such property is subject to consent of the administrator of the condominium or the majority of co-owners.

Property Management

The Sunrise Property is managed by Dawnay Day Property Investment GmbH pursuant to two property management agreements (the “Sunrise Management Agreements”). The Sunrise Management Agreements are for an indefinite term, subject to three months’ notice of termination by either party. The obligations of the property managers include, *inter alia*, management of lease contracts, property-related contracts, accommodation, service charges, rental payments, tenants, insurance as well as preparing property reports.

Under the terms of the Sunrise Loan, the lender may require the Sunrise Borrowers to appoint new managing agents on terms approved by the lender acting in a reasonably manner. The Sunrise Borrower may terminate each of the Sunrise Management Agreements if the managing agents are in default and may appoint any new managing agents who (i) are of a reputable national firm, (ii) enter into a duty of care agreement and (iii) have professional indemnity insurance of the required amount.

Subordinated Loan

The Sunrise Borrowers, the Sunrise Parent and the DB Lender entered into a subordination agreement relating to the Sunrise Whole Loan dated 20 December 2005 pursuant to which the relationship and priority between the obligations and liabilities to the Sunrise Parent (the “Junior Liabilities”) and the liabilities under the Sunrise Whole Loan are regulated. The Junior Liabilities are subordinated to the liabilities under the Sunrise Whole Loan and payment and receipt of any amount of the Junior Liabilities is not permitted until all the liabilities under the Sunrise Whole Loan have been paid or discharged in full.

The table below sets out some details in relation to the Sunrise Property*:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
High Street Retail Bad Godesburg	Koblenzer Strasse 60	Germany	2,050,000.00	1,435,000.00	High Street
High Street Retail Stuttgart	Moricckstrasse 2-4	Germany	1,350,000.00	1,012,500.00	High Street
High Street Retail Bochum	Hochstrasse 23-29	Germany	2,400,000.00	1,680,000.00	High Street
High Street Retail Karlsruhe	Kaiserstrasse 121/ Zahringerstrasse 84 & 13a	Germany	4,200,000.00	3,150,000.00	High Street
High Street Retail Oldenberg	Lange Strasse 2	Germany	2,800,000.00	1,960,000.00	High Street
High Street Retail Limburg Ad Lahn	Werner-Senger-Strasse 1	Germany	2,900,000.00	2,030,000.00	High Street
High Street Retail Bonn Hennef	Adenauer Platz 2	Germany	3,450,000.00	2,587,500.00	High Street
High Street Retail Munster	Salzhof, Salzstrasse 26	Germany	2,650,000.00	1,855,000.00	High Street
High Street Retail Ratingen	Oberstrasse 36-42	Germany	3,500,000.00	2,450,000.00	High Street
High Street Retail Karl Marx	Karl-Marx-Strasse 95	Germany	9,600,000.00	7,680,000.00	High Street
High Street Retail Darmstadt	Ludwigsplatz 7	Germany	6,850,000.00	4,795,000.00	High Street
High Street Retail Duisberg	Muenzstrasse 48	Germany	7,950,000.00	5,565,000.00	High Street
High Street Retail Hamburg	Julius-Brecht-Strasse 5a	Germany	5,300,000.00	4,240,000.00	High Street
High Street Retail Kiel	Andreas-Gayk-Strasse 1-5	Germany	6,450,000.00	4,515,000.00	High Street
High Street Retail Reutlingen	Gartenstrasse 27	Germany	2,450,000.00	1,715,000.00	High Street
High Street Retail Rosenheim	Bahnhofstrasse 8	Germany	3,450,000.00	2,415,000.00	High Street
High Street Retail Vellinggen Schwenningen	In Der Muslen 14	Germany	5,400,000.00	3,780,000.00	High Street
Retail Warehouses Hannover Bergen	Harburgerstrasse 30	Germany	6,100,000.00	3,965,000.00	High Street
Retail Warehouses Hannover Burgdorf	Uetzerstrasse 13-15	Germany	5,100,000.00	3,315,000.00	Retail Warehouse
Retail Warehouses Koln Frechen	Hermann-Seeger-Strasse 13	Germany	2,350,000.00	1,645,000.00	Retail Warehouse
Retail Warehouses Frankfurt Weiterstadt	Robert-Koch-Strasse 6-16	Germany	2,750,000.00	1,925,000.00	Retail Warehouse
Retail Warehouses Frankenberg	Am Grun 7	Germany	3,500,000.00	2,275,000.00	Retail Warehouse
Retail Warehouses Achen Stolberg	Mauerstrasse 23	Germany	2,150,000.00	1,505,000.00	Retail Warehouse
Retail Warehouse Hamburg Kalten Kirchen	Kisdorfer Weg 11	Germany	7,900,000.00	5,925,000.00	Retail Warehouse
Retail Warehouses Ettlingen	Zehntwiesenstrasse 47	Germany	10,000,000.00	6,500,000.00	Retail Warehouse
Retail Warehouses Fellbach	Buehlstrasse 138	Germany	3,450,000.00	2,415,000.00	Retail Warehouse
Retail Warehouses Ammersbek	Hamburger Strasse 112a	Germany	1,000,000.00	650,000.00	Retail Warehouse
Retail Warehouses Honow	Stienitzstrasse 1	Germany	2,000,000.00	1,500,000.00	Retail Warehouse
Retail Warehouses Raisdorf	Gutenbergstrasse 46-50	Germany	5,700,000.00	3,990,000.00	Retail Warehouse
Retail Warehouses Rattlingen	Am Sandbach 28	Germany	5,650,000.00	4,237,500.00	Retail Warehouse
Retail Warehouses Bremen	Holsteiner Strasse 91-99	Germany	5,000,000.00	3,250,000.00	Retail Warehouse
Retail Warehouses Cottbus	Am Fliess 16	Germany	3,150,000.00	2,205,000.00	Retail Warehouse
Retail Warehouses Munchen Karlsfeld	Ottostrasse/Boschstrasse/ Rontgenstrasse/Dieselstrasse	Germany	11,000,000.00	7,700,000.00	Retail Warehouse
Retail Warehouses Heidelberg	Czernyring 8-12	Germany	4,250,000.00	2,762,500.00	Retail Warehouse
Shopping Centre Stuttgart Boblingen	Wolfgang-Brumme-Allee 3	Germany	18,225,000.00	12,757,500.00	Shopping Centre
Shopping Centre Hannover Garbsen	Planetenring 25-27	Germany	9,750,000.00	6,825,000.00	Shopping Centre
Shopping Centre Sessen Harz	Jacobsonstrasse 24	Germany	7,550,000.00	5,285,000.00	Shopping Centre
Shopping Centre Augsburg	Bahnhofstrasse 28	Germany	17,475,000.00	12,232,500.00	Shopping Centre
Shopping Centre Lipstadt	Kahlenstrasse 2-4/ Spielplatzstrasse 11	Germany	8,950,000.00	6,265,000.00	Shopping Centre
Shopping Centre Detmold	Galerie Hornsches Tor,Hornsche Strasse 6	Germany	2,075,000.00	1,348,750.00	Shopping Centre
Shopping Centre Dormagen	Rathaus Galerie,Marktstrasse 14/Kolner Strasse	Germany	13,850,000.00	9,695,000.00	Shopping Centre
Shopping Centre Rheine Rathaus Zentrum	Rathaus Zentrum, Matthiasstrasse 55	Germany	3,700,000.00	2,590,000.00	Shopping Centre
Shopping Centre Rheine Mathias Strasse	Matthiasstrasse 23	Germany	6,150,000.00	4,305,000.00	Shopping Centre
Shopping Centre Bergischer Hoff	Bergischer Hoff, Kaiserstrasse 35	Germany	5,775,000.00	4,042,500.00	Shopping Centre
Shopping Centre Garbsen	Auf der Horst 65-67	Germany	4,800,000.00	3,120,000.00	Shopping Centre
Mixed Use Munich Germering	Industriestrasse 17	Germany	5,300,000.00	3,445,000.00	Mixed Commercial
Mixed Use Frankfurt Zentrum	Bronnerstrasse 11	Germany	1,250,000.00	812,500.00	Mixed Commercial
Mixed Use Munich Dusseldorf	Elisabethstrasse 21-22	Germany	2,850,000.00	1,995,000.00	Mixed Commercial
Mixed Use Hamburg Neu Wulmdorf	Gottlieb-Damler-Strasse 6	Germany	4,350,000.00	3,045,000.00	Mixed Commercial
Mixed Use Frankfurt Offenbach	Kaiserleistrasse 44	Germany	9,350,000.00	6,545,000.00	Mixed Commercial
Mixed Use Kassel	Heinrich-Hertz-Strasse 6	Germany	6,700,000.00	4,690,000.00	Mixed Commercial
Mixed Use Frankfurt Merianplatz	Merianelatz 5-9	Germany	6,800,000.00	5,440,000.00	Mixed Commercial
Mixed Use Flensburg	Husumer Strasse 200	Germany	12,650,000.00	8,855,000.00	Mixed Commercial
Shopping Centre Sarstedt	Am Teinkamp 7	Germany	18,650,000.00	13,055,000.00	Mixed Commercial
Moenchengladbach	Hindenburgstrasse, 170	Germany	4,479,500.00	N/S	High Street
Augsburg	Anna-Passage, Annastrasse 8-10	Germany	5,400,000.00	N/S	Shopping Centre
Huckeswagen	Etapler Platz 9	Germany	2,033,000.00	N/S	Shopping Centre
Passau	Bahnhofstrasse 24-28	Germany	16,800,000.00	N/S	Shopping Centre
Backnang	Sulzbacherstrasse	Germany	1,444,500.00	N/S	Retail Warehouse
Freiburg	Tullastrasse	Germany	8,790,000.00	N/S	Mixed Use
Fellbach	Buehlstrasse	Germany	2,184,000.00	N/S	Retail Warehouse
			Total: 361,131,000.00	224,978,750.00	

* Based on 50 per cent. interest in respect of the Sunrise Property.

The table below sets out some details in relation to the tenants of the Sunrise Property*:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Zeeman	High Street Retail Bad Godesburg	114.00	20,400.00	31-Dec-08	None	20,500.00
Vacancy	High Street Retail Bad Godesburg	85.50	0.00			14,400.00
Engels & Salameh	High Street Retail Bad Godesburg	60.00	28,900.00	31-Dec-12	None	10,800.00
Guss	High Street Retail Bad Godesburg	37.50	12,600.00	31-Dec-05	None	6,750.00
Mian	High Street Retail Bad Godesburg	13.50	14,910.00	31-Dec-07	None	2,430.00
Klingenburg	High Street Retail Bad Godesburg	33.00	18,982.00	31-Dec-05	None	5,950.00
Hotel zum Adler	High Street Retail Bad Godesburg	535.00	47,433.50	31-Mar-07	None	77,050.00
Rewe	High Street Retail Bochum	1,087.00	151,674.50	14-Oct-07	None	169,550.00
Rewe	High Street Retail Bochum	31.50	4,233.50	14-Oct-07	None	3,780.00
Erdmann	High Street Retail Bochum	83.50	12,118.50	31-Jul-09	None	10,000.00
Erdmann	High Street Retail Bochum	41.50	6,023.00	31-Jul-09	None	4,980.00
Kaiser and Kelemann	High Street Retail Bonn Hennef	1,900.00	225,274.50	31-Aug-12	None	228,000.00
Vacant	High Street Retail Bonn Hennef	73.50	0.00			9,350.00
C & A	High Street Retail Darmstadt	4,964.50	464,531.00	31-Dec-11	None	893,500.00
C & A	High Street Retail Duisberg	7,304.50	524,002.50	31-Dec-09	None	964,000.00
C & A	High Street Retail Hamburg	4,681.00	342,799.00	31-Dec-12	None	1,123,500.00
C & A	High Street Retail Karl Marx	6,353.50	622,015.00	31-Dec-09	None	1,143,500.00
Hallhube	High Street Retail Karlsruhe	662.00	200,130.50	03-Apr-12	None	198,600.00
Consilium	High Street Retail Karlsruhe	26.00	2,344.50	31-Dec-06	None	2,185.00
Vacancy	High Street Retail Karlsruhe	251.50	0.00			15,100.00
Inline	High Street Retail Karlsruhe	75.50	6,190.00	31-Dec-07	None	6,350.00
Dis	High Street Retail Karlsruhe	151.00	14,200.00	31-Dec-05	None	12,700.00
Dis	High Street Retail Karlsruhe	90.00	9,208.00	31-May-08	None	7,550.00
Dis	High Street Retail Karlsruhe	53.00	5,268.00	31-Aug-08	None	4,450.00
Muller	High Street Retail Karlsruhe	36.50	3,162.50	28-Feb-09	None	3,065.00
Consilium	High Street Retail Karlsruhe	35.50	3,207.50	31-Dec-06	None	2,980.00
Bryde	High Street Retail Karlsruhe	44.50	3,298.00	30-Apr-11	None	3,740.00
Schott	High Street Retail Karlsruhe	51.00	3,900.00	14-Jul-13	None	4,285.00
Parkhaus KS	High Street Retail Karlsruhe	0.00	7,260.00	31-Dec-09	None	8,900.00
C & A	High Street Retail Kiel	4,738.50	422,583.00	31-Dec-08	None	910,000.00
Hennes and Mauritz	High Street Retail Limburg Ad Lahn	842.00	184,065.00	31-Dec-10	None	202,100.00
Vacant	High Street Retail Limburg Ad Lahn	33.00	0.00			1,190.00
Parkhaus Gmbh	High Street Retail Limburg Ad Lahn	0.00	6,293.50	31-Aug-07	None	6,750.00
Butlers	High Street Retail Munster	201.50	72,000.00	31-Dec-14	None	72,550.00
Tee Handels Kontor	High Street Retail Munster	15.00	10,900.00	31-Aug-06	None	7,200.00
Tee Handels Kontor	High Street Retail Munster	0.00	337.50	31-Aug-06	None	337.50
Idee Creatvie Markt	High Street Retail Munster	426.00	56,502.00	31-Dec-13	None	61,350.00
Eis Cafe Rotunde	High Street Retail Munster	0.00	2,314.00	30-Jun-10	None	2,300.00
Eis Cafe Firenze	High Street Retail Munster	101.00	36,375.50	30-Jun-10	None	30,300.00
Town Museum	High Street Retail Munster	2,776.00	0.00	31-Aug-16	None	0.00
Citibank Privat	High Street Retail Oldenberg	124.00	59,400.00	30-Nov-09	None	59,500.00
Rossman	High Street Retail Oldenberg	114.50	56,624.50	31-Dec-07	None	54,950.00
Einfeld	High Street Retail Oldenberg	13.50	9,432.00	31-Mar-08	None	6,500.00
Rossman	High Street Retail Oldenberg	70.50	14,065.00	31-Dec-07	None	7,600.00
Citibank Privat	High Street Retail Oldenberg	33.00	5,732.00	30-Nov-09	None	3,565.00
Lenard	High Street Retail Oldenberg	248.00	23,100.00	31-Dec-10	None	26,800.00
Mietzner	High Street Retail Oldenberg	19.50	1,920.00	31-Mar-14	None	1,170.00
Vacancy	High Street Retail Oldenberg	73.00	0.00			4,380.00
Hofmann	High Street Retail Oldenberg	25.50	1,680.00	31-Dec-14	None	1,530.00
Einfeld	High Street Retail Oldenberg	6.00	180.00	31-Mar-08	None	216.00
Ranstadt	High Street Retail Oldenberg	119.50	12,072.50	30-Apr-06	None	12,900.00
Lindex	High Street Retail Ratingen	389.50	107,371.50	30-Jun-10	None	107,500.00
Weltbild	High Street Retail Ratingen	190.00	54,000.00	31-Jan-13	None	52,450.00
DTV	High Street Retail Ratingen	37.50	16,200.00	31-Aug-10	None	10,350.00
The Church	High Street Retail Ratingen	92.50	9,080.50	31-May-06	None	8,900.00
Parking Spaces for The Church	High Street Retail Ratingen	0.00	687.50	31-May-06	None	500.00
Doctor Schroder	High Street Retail Ratingen	92.50	9,420.00	30-Jun-07	None	8,900.00
Doctor Schroder Parking	High Street Retail Ratingen	0.00	423.00	30-Jun-07	None	250.00
VIAG Intercom	High Street Retail Ratingen	0.50	2,818.50	31-Mar-07	None	2,820.00
Begemann	High Street Retail Ratingen	49.00	3,613.50	01-Jan-07	None	3,530.00
Begemann	High Street Retail Ratingen	0.00	211.50	01-Jan-07	None	125.00
Boldys	High Street Retail Ratingen	53.50	3,960.00	31-May-12	None	3,850.00
Boldys	High Street Retail Ratingen	0.00	317.50	31-May-12	None	250.00
Vacant	High Street Retail Ratingen	49.00	0.00			3,530.00
Eidens	High Street Retail Ratingen	48.00	3,540.00	16-Jul-06	None	3,455.00
Fischer	High Street Retail Ratingen	43.50	2,880.00	28-Feb-15	None	3,130.00
Pemmerl	High Street Retail Ratingen	37.50	2,700.00	31-Mar-13	None	2,700.00
Fronhoff	High Street Retail Ratingen	48.00	4,049.50	14-Oct-11	None	3,455.00
Fronhoff	High Street Retail Ratingen	0.00	211.50	30-Jun-13	None	125.00
Molitor R.	High Street Retail Ratingen	62.00	5,683.00	15-Jul-11	None	4,465.00
Molitor R. RE08	High Street Retail Ratingen	48.00	3,296.00	30-Jun-10	None	3,455.00
C & A	High Street Retail Reutlingen	3,951.00	165,904.00	31-Dec-09	None	721,000.00
C & A	High Street Retail Rosenheim	2,527.00	232,265.50	31-Dec-14	None	394,200.00
Schlecker	High Street Retail Stuttgart	204.50	28,376.50	14-Oct-06	None	24,550.00

* Based on 50 per cent. interest in respect of the Sunrise Property.

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Vacancy	High Street Retail Stuttgart	423.00	0.00			50,750.00
Westado	High Street Retail Stuttgart	473.00	61,333.00	30-Nov-11	None	56,750.00
Plakat Werbung	High Street Retail Stuttgart	0.00	307.00	31-Dec-06	None	300.00
C & A	High Street Retail Velling Schwenningen	3,320.50	354,969.50	31-Dec-10	None	558,000.00
Steckhahn & Peters	Mixed Use Flensburg	31,575.00	920,325.50	31-Dec-15	None	1,515,500.00
Commercial Bank	Mixed Use Frankfurt Merianplatz	1,555.50	416,364.50	30-Jun-13	None	392,000.00
Oxfam	Mixed Use Frankfurt Merianplatz	165.00	33,000.00	01-Mar-11	None	33,650.00
Kiroski	Mixed Use Frankfurt Merianplatz	47.50	3,000.00	31-Aug-15	None	5,150.00
Deutscher Wetterdienst	Mixed Use Frankfurt Offenbach	2,300.00	359,755.50	30-Jun-08	None	277,900.00
Deutscher Wetterdienst	Mixed Use Frankfurt Offenbach	173.00	33,532.00	30-Jun-08	None	20,750.00
Deutscher W	Mixed Use Frankfurt Offenbach	297.50	52,986.00	30-Jun-08	None	35,700.00
Keller Grundbau	Mixed Use Frankfurt Offenbach	908.00	120,401.00	31-Dec-07	None	112,700.00
Keller Grundbau	Mixed Use Frankfurt Offenbach	0.00	315.50	31-Dec-07	None	375.00
Vacant	Mixed Use Frankfurt Offenbach	0.00	0.00			375.00
Vacant	Mixed Use Frankfurt Offenbach	0.00	0.00			375.00
Vacant	Mixed Use Frankfurt Offenbach	166.50	0.00			22,600.00
Sumitomo	Mixed Use Frankfurt Offenbach	112.00	16,156.00	31-Mar-07	None	14,950.00
Vacant	Mixed Use Frankfurt Offenbach	413.00	0.00			51,450.00
Vacant	Mixed Use Frankfurt Offenbach	157.00	0.00			18,850.00
Vacant	Mixed Use Frankfurt Offenbach	7.00	0.00			336.00
Vacant	Mixed Use Frankfurt Offenbach	191.00	0.00			22,900.00
Vacant	Mixed Use Frankfurt Offenbach	234.50	0.00			11,250.00
Burmester	Mixed Use Frankfurt Offenbach	21.00	1,279.50	31-Dec-07	None	1,010.00
Vacant	Mixed Use Frankfurt Offenbach	0.00	0.00			4,875.00
Vacant	Mixed Use Frankfurt Offenbach	0.00	0.00			5,250.00
Vacant	Mixed Use Frankfurt Offenbach	190.50	0.00			9,150.00
Vacant	Mixed Use Frankfurt Offenbach	126.00	0.00			17,000.00
Marketingforschung GMBH	Mixed Use Frankfurt Zentrum	81.50	16,640.00	31-Jul-07	None	11,750.00
Vacancy	Mixed Use Frankfurt Zentrum	81.50	0.00			11,750.00
Public Relations Germany	Mixed Use Frankfurt Zentrum	81.50	17,610.00	31-Jan-06	None	11,750.00
Vacancy	Mixed Use Frankfurt Zentrum	81.00	0.00			11,750.00
Vacancy	Mixed Use Frankfurt Zentrum	64.00	0.00			9,200.00
JP SToff Export	Mixed Use Frankfurt Zentrum	65.00	14,898.00	14-Jan-06	None	14,800.00
Ohm	Mixed Use Frankfurt Zentrum	70.00	10,961.50	30-Sep-09	None	10,500.00
Vacant	Mixed Use Frankfurt Zentrum	0.00	0.00			1,900.00
Vacancy	Mixed Use Frankfurt Zentrum	0.00	0.00			600.00
Marketingforschung	Mixed Use Frankfurt Zentrum	0.00	850.50	31-Jul-07	None	600.00
Vacant	Mixed Use Frankfurt Zentrum	0.00	0.00			600.00
Public Relations Germany	Mixed Use Frankfurt Zentrum	0.00	617.50	31-Jan-06	None	600.00
Vacancy	Mixed Use Frankfurt Zentrum	0.00	0.00			600.00
Ohm	Mixed Use Frankfurt Zentrum	0.00	469.50	30-Sep-09	None	600.00
Daimler Chrysler AG	Mixed Use Hamburg Neu Wulmdorf	4,225.00	256,964.00	30-Jun-08	None	304,200.00
Daimler Chrysler AG	Mixed Use Hamburg Neu Wulmdorf	4,300.00	48,948.00	30-Jun-08	None	0.00
Securicor Geld	Mixed Use Kassel	4,370.00	453,318.00	31-Dec-17	None	471,950.00
Mannesmann Mobilfunk GmbH	Mixed Use Kassel	0.50	2,046.00	31-Oct-10	None	2,045.00
Maredo	Mixed Use Munich Dusseldorf	1,163.50	207,407.50	31-Dec-09	None	213,850.00
Willemson	Mixed Use Munich Dusseldorf	0.00	540.00	31-Mar-08	None	540.00
Vacant	Mixed Use Munich Germering	833.50	0.00			120,750.00
Datapharm	Mixed Use Munich Germering	551.50	76,703.00	31-May-08	None	76,350.00
Vacant	Mixed Use Munich Germering	376.50	0.00			49,700.00
Regware	Mixed Use Munich Germering	445.00	58,082.50	14-May-09	None	58,750.00
Vacancy	Mixed Use Munich Germering	23.50	0.00			5,100.00
Scantec	Mixed Use Munich Germering	521.50	68,313.00	14-Nov-09	None	68,850.00
Vacant	Mixed Use Munich Germering	0.00	0.00			16,600.00
Vacant	Mixed Use Munich Germering	0.00	0.00			2,100.00
DB	Mixed Use Munich Germering	695.00	90,630.00	31-Jan-08	None	97,600.00
MGI Metro Group	Shopping Centre Sarstedt	21,666.50	1,068,594.00	30-Jun-15	None	780,000.00
Real	Shopping Centre Sarstedt	3,150.00	289,948.50	31-May-15	None	189,000.00
Edeka	Retail Warehouses Ammersbek	651.00	72,540.00	31-Dec-19	None	72,050.00
Toom	Retail Warehouses Bremen	1,415.00	93,000.00	03-Apr-09	None	84,900.00
Deutsche Post	Retail Warehouses Bremen	355.00	21,774.50	30-Nov-09	None	21,300.00
3W Entertainment	Retail Warehouses Bremen	441.50	29,725.50	31-Aug-10	None	26,500.00
Inpro	Retail Warehouses Bremen	228.50	16,566.00	28-Feb-06	None	13,700.00
Simminger	Retail Warehouses Bremen	39.00	1,794.50	31-Mar-08	None	2,340.00
SBecker & Brugesch	Retail Warehouses Bremen	0.00	900.00	30-Apr-08	None	900.00
Real	Retail Warehouses Bremen	2,684.00	212,488.50	31-Dec-12	None	225,450.00
Rewe	Retail Warehouses Cottbus	1,047.50	135,926.00	17-Nov-14	None	100,550.00
Rossmann	Retail Warehouses Cottbus	157.00	18,713.50	17-Nov-09	None	15,050.00
Kopecay	Retail Warehouses Cottbus	28.50	2,264.50	31-Dec-10	None	2,395.00
Spiel Inn	Retail Warehouses Cottbus	82.50	4,939.00	31-Dec-08	None	6,950.00
Dr Papsdorf	Retail Warehouses Cottbus	89.50	6,012.50	26-Nov-09	None	7,500.00
Deutsche Post	Retail Warehouses Cottbus	80.00	10,806.50	18-Nov-09	None	6,700.00
Karazum	Retail Warehouses Cottbus	84.50	7,757.50	18-Nov-09	None	7,100.00
Dr Enke	Retail Warehouses Cottbus	81.50	5,467.50	26-Nov-09	None	6,850.00
Apotheke	Retail Warehouses Cottbus	80.00	10,826.00	18-Nov-09	None	6,700.00
Stadt Cottbus	Retail Warehouses Cottbus	64.50	5,879.50	24-Nov-08	None	5,400.00
Sonnen Studio	Retail Warehouses Cottbus	51.50	6,900.00	16-Nov-09	None	4,325.00
Dr Mattick	Retail Warehouses Cottbus	58.50	3,965.00	26-Nov-12	None	4,915.00

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Stehr	Retail Warehouses Cottbus	43.50	2,400.00	30-Sep-11	None	3,655.00
Jentsch Dentist	Retail Warehouses Cottbus	35.50	3,719.50	29-Nov-09	None	2,980.00
Szabadi	Retail Warehouses Cottbus	50.50	4,033.00	31-Oct-07	None	4,240.00
Kaube	Retail Warehouses Cottbus	71.00	3,402.50	31-Dec-07	None	5,950.00
Zech	Retail Warehouses Cottbus	23.00	2,273.00	30-Nov-07	None	1,930.00
Don Thanh	Retail Warehouses Cottbus	117.50	7,209.00	31-Oct-07	None	9,850.00
Vacancy	Retail Warehouses Cottbus	22.50	0.00			1,890.00
Vacancy	Retail Warehouses Cottbus	77.50	0.00			6,500.00
Vacancy	Retail Warehouses Cottbus	35.00	0.00			2,940.00
Vacancy	Retail Warehouses Cottbus	29.00	0.00			2,435.00
Real	Retail Warehouses Ettlingen	6,186.00	717,036.50	30-Nov-14	None	742,500.00
Multi Store Extra	Retail Warehouses Fellbach	3,985.50	254,921.00	31-Dec-12	None	430,450.00
Rheika Delta	Retail Warehouses Frankenberg	3,396.50	227,436.00	31-May-15	None	285,300.00
Tuku	Retail Warehouses Frankfurt Weiterstadt	77.50	3,000.00	30-Dec-05	None	6,500.00
Vacant	Retail Warehouses Frankfurt Weiterstadt	138.00	0.00			11,600.00
Electronic Revival Company	Retail Warehouses Frankfurt Weiterstadt	127.50	6,000.00	28-Jul-08	None	10,700.00
Electronic Revival Company	Retail Warehouses Frankfurt Weiterstadt	444.50	10,200.00	16-Oct-08	None	37,350.00
Electronic Revival Company	Retail Warehouses Frankfurt Weiterstadt	513.00	0.00	31-Aug-10	None	43,100.00
Dolphin Telecomm	Retail Warehouses Frankfurt Weiterstadt	722.00	49,159.00	31-Dec-09	None	60,650.00
Fitness-Relax Etage	Retail Warehouses Frankfurt Weiterstadt	0.00	0.00	31-Aug-10	None	3,350.00
Vacant	Retail Warehouses Frankfurt Weiterstadt	134.50	0.00			11,300.00
Wella AG	Retail Warehouses Frankfurt Weiterstadt	647.50	48,707.00	31-Dec-09	None	54,400.00
Plana Kuchen	Retail Warehouses Frankfurt Weiterstadt	436.50	53,997.00	31-Dec-14	None	47,150.00
V-Markt	Retail Warehouses Hannover Bergen	3,196.50	412,039.00	29-Feb-20	None	383,600.00
V-Markt	Retail Warehouses Hannover Burgdorf	2,431.00	334,450.00	30-Apr-16	None	350,050.00
V-Markt	Retail Warehouses Hannover Burgdorf	609.50	1,687.50	31-Dec-07	None	10,250.00
W.DIETRICH	Retail Warehouses Hannover Burgdorf	44.00	1,288.50	30-Apr-24	None	2,640.00
B.DIETRICH	Retail Warehouses Hannover Burgdorf	37.50	1,165.50	31-Aug-24	None	2,250.00
Toys R Us	Retail Warehouses Heidelberg	3,037.50	304,476.50	30-Sep-15	None	328,050.00
Globus Baumarkt	Retail Warehouse Hamburg Kalten Kirchen	6,330.00	244,205.00	01-Sep-11	None	531,500.00
Hans Jurgen Von Gundlach	Retail Warehouse Hamburg Kalten Kirchen	1,941.00	41,400.00	31-Dec-06	None	163,050.00
Aldi Lebensmittel	Retail Warehouse Hamburg Kalten Kirchen	560.50	52,322.50	14-Nov-12	None	47,100.00
RENO Schuhmarkt	Retail Warehouse Hamburg Kalten Kirchen	457.00	32,653.50	31-May-09	None	38,400.00
Familia	Retail Warehouse Hamburg Kalten Kirchen	525.00	43,485.50	01-Sep-09	None	44,100.00
Moritz Angelsport	Retail Warehouse Hamburg Kalten Kirchen	444.50	39,000.00	30-Sep-10	None	37,350.00
MAD APES	Retail Warehouse Hamburg Kalten Kirchen	311.00	26,053.00	30-Aug-10	None	26,100.00
SCHLECKER	Retail Warehouse Hamburg Kalten Kirchen	115.00	10,123.50	29-Feb-08	None	9,650.00
Kilian Blumen	Retail Warehouse Hamburg Kalten Kirchen	17.50	9,242.00	30-Jun-06	None	1,470.00
Wilhelmi	Retail Warehouse Hamburg Kalten Kirchen	27.50	6,765.00	16-Nov-08	None	2,310.00
Wilhelm	Retail Warehouse Hamburg Kalten Kirchen	30.00	3,067.50	16-Nov-07	None	2,160.00
Vacant	Retail Warehouse Hamburg Kalten Kirchen	207.00	0.00			17,400.00
Smaller tenants	Retail Warehouse Hamburg Kalten Kirchen	201.50	4,200.00	31-Oct-10	None	4,200.00
Rewe	Retail Warehouses Honow	751.50	86,400.00	04-Feb-19	None	97,700.00
Rewe	Retail Warehouses Honow	449.00	50,490.00	04-Feb-19	None	43,100.00
Schaulandt GmbH	Retail Warehouses Koln Frechen	1,425.00	170,542.00	30-Nov-08	None	188,100.00
Stroer	Retail Warehouses Koln Frechen	0.00	1,053.00	26-Jul-11	None	1,050.00
Clap Tzu	Retail Warehouses Munchen Karlsfeld	85.00	4,800.00	30-Sep-09	None	7,150.00
Marchon	Retail Warehouses Munchen Karlsfeld	757.50	51,130.50	30-Aug-06	None	63,650.00
TNT Logistik	Retail Warehouses Munchen Karlsfeld	551.50	44,325.50	31-Dec-07	None	46,350.00
Europart	Retail Warehouses Munchen Karlsfeld	1,421.50	104,302.50	31-Aug-10	None	119,400.00
Artdeco	Retail Warehouses Munchen Karlsfeld	350.50	24,719.50	30-Apr-06	None	29,450.00
Muller Logistik	Retail Warehouses Munchen Karlsfeld	447.00	30,170.00	30-Apr-08	None	29,450.00
WWK	Retail Warehouses Munchen Karlsfeld	566.50	44,187.00	31-Jul-09	None	47,600.00
Spar	Retail Warehouses Munchen Karlsfeld	3,258.50	408,166.00	31-Jan-13	None	430,100.00
Roller	Retail Warehouses Ralsdorf	5,216.00	399,641.00	30-Dec-15	None	438,150.00
Roller	Retail Warehouses Rattlingen	4,970.00	409,442.50	30-Sep-15	None	417,500.00
P & C	Shopping Centre Augsburg	3,304.00	557,451.00	31-Dec-11	None	594,500.00
Stadler	Shopping Centre Augsburg	166.00	17,108.00	28-Feb-06	None	19,900.00
Tchibo	Shopping Centre Augsburg	44.00	27,283.00	28-Feb-11	None	26,400.00
P.Schmid	Shopping Centre Augsburg	51.00	37,837.50	31-Dec-09	None	30,600.00
Reiseburo VP	Shopping Centre Augsburg	19.50	14,670.00	31-Dec-06	None	11,700.00
K.Baur	Shopping Centre Augsburg	13.50	10,073.50	31-Dec-05	None	8,100.00
Teehandelsk.	Shopping Centre Augsburg	21.50	11,192.00	31-Dec-05	None	10,300.00
Vacant	Shopping Centre Augsburg	66.50	0.00			31,900.00
Fuchsberger	Shopping Centre Augsburg	95.50	30,376.00	31-Dec-07	None	32,100.00
Hormann	Shopping Centre Augsburg	57.50	20,074.00	22-Feb-09	None	19,300.00
Kreutzer	Shopping Centre Augsburg	17.00	8,855.00	31-Mar-07	None	5,700.00
McDonalds	Shopping Centre Augsburg	257.50	77,522.00	31-Dec-11	None	86,500.00
Molner	Shopping Centre Augsburg	29.50	7,200.00	14-Sep-18	None	9,900.00
MKP	Shopping Centre Augsburg	29.00	11,228.50	31-Dec-05	None	9,750.00
Rewe	Shopping Centre Augsburg	901.00	61,355.00	07-Feb-17	None	86,500.00
Cityparking	Shopping Centre Augsburg	0.00	122,674.50	28-Feb-19	None	122,700.00
Jetscho	Shopping Centre Augsburg	0.50	5,031.00	31-Dec-05	None	5,050.00
Stadtsparkasse	Shopping Centre Augsburg	28.00	22,852.50	30-Jun-10	None	16,800.00
Morello	Shopping Centre Augsburg	16.50	8,905.00	31-Dec-12	None	9,900.00
B/K Wolf	Shopping Centre Augsburg	57.00	26,076.00	31-Dec-15	None	34,200.00
Vacant	Shopping Centre Augsburg	12.50	0.00			600.00
Bugl	Shopping Centre Augsburg	25.50	8,400.00	01-Jul-18	None	9,200.00

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Vacant	Shopping Centre Augsburg	40.00	0.00			1,920.00
Berner	Shopping Centre Augsburg	105.00	27,000.00	31-Jul-08	None	23,750.00
Va Bene Mode	Shopping Centre Bergischer Hoff	23.00	12,237.00	28-Feb-06	None	11,300.00
Takko	Shopping Centre Bergischer Hoff	377.00	38,469.50	28-Feb-07	None	34,200.00
Eschback	Shopping Centre Bergischer Hoff	87.50	17,100.00	31-Jul-07	None	15,750.00
Dissman	Shopping Centre Bergischer Hoff	12.00	5,051.00	30-Oct-08	None	4,350.00
Gieslmann	Shopping Centre Bergischer Hoff	22.00	8,596.50	31-Dec-09	None	11,600.00
Hermann	Shopping Centre Bergischer Hoff	25.00	13,038.00	28-Feb-07	None	9,000.00
Sondermann	Shopping Centre Bergischer Hoff	34.00	14,280.00	31-Aug-12	None	12,250.00
Nabizada	Shopping Centre Bergischer Hoff	13.50	4,770.00	30-Jun-08	None	4,900.00
Der Teeladen	Shopping Centre Bergischer Hoff	39.00	13,295.00	28-Feb-07	None	14,100.00
Ablus	Shopping Centre Bergischer Hoff	148.50	23,015.00	30-Oct-10	None	26,750.00
Bijou Brigitte	Shopping Centre Bergischer Hoff	27.50	10,658.00	30-Jun-10	None	9,900.00
Schliwa	Shopping Centre Bergischer Hoff	78.50	22,361.50	31-Mar-15	None	23,550.00
Klier	Shopping Centre Bergischer Hoff	37.00	12,271.00	31-May-15	None	11,100.00
Ihr Platz	Shopping Centre Bergischer Hoff	475.00	39,340.00	30-Sep-09	None	39,000.00
Quelle	Shopping Centre Bergischer Hoff	685.00	58,717.00	31-Dec-11	None	57,400.00
Vacant	Shopping Centre Bergischer Hoff	18.50	0.00			4,500.00
Music Store	Shopping Centre Bergischer Hoff	42.50	10,408.50	28-Feb-08	None	10,250.00
Sauer	Shopping Centre Bergischer Hoff	27.50	8,620.50	28-Feb-06	None	6,600.00
Mr Minit	Shopping Centre Bergischer Hoff	10.50	3,000.00	30-Apr-06	None	3,150.00
DAK	Shopping Centre Bergischer Hoff	124.50	15,610.50	31-May-06	None	14,950.00
Naumann	Shopping Centre Bergischer Hoff	0.00	0.00	31-Oct-10	None	200.00
Franck-Proksa	Shopping Centre Bergischer Hoff	52.50	0.00	30-Jun-10	None	4,500.00
Giurukidis	Shopping Centre Bergischer Hoff	34.50	8,519.00	15-Nov-09	None	6,200.00
Knabe	Shopping Centre Bergischer Hoff	0.00	0.00	31-Oct-10	None	400.00
Kreisjagerschaft	Shopping Centre Bergischer Hoff	15.00	720.00	30-Jun-08	None	1,100.00
EKZ Berg Hof	Shopping Centre Bergischer Hoff	38.00	2,607.50	31-Dec-14	None	3,650.00
Penkow	Shopping Centre Bergischer Hoff	67.00	7,858.50	31-Jul-06	None	4,850.00
Dr Henke	Shopping Centre Bergischer Hoff	40.50	5,008.50	31-May-06	None	3,900.00
Piccin	Shopping Centre Bergischer Hoff	75.00	17,941.50	31-Dec-07	None	16,200.00
Pizza Pronto	Shopping Centre Bergischer Hoff	33.50	10,277.00	30-Nov-09	None	8,050.00
Pencow	Shopping Centre Bergischer Hoff	40.00	1,932.50	31-Jul-11	None	2,400.00
Piccin	Shopping Centre Bergischer Hoff	48.50	3,230.00	31-Dec-17	None	2,950.00
C & A	Shopping Centre Detmold	410.50	41,414.50	31-Dec-08	None	49,250.00
Ersting's Family	Shopping Centre Detmold	48.50	11,330.00	31-Dec-07	None	11,650.00
Hahn	Shopping Centre Detmold	19.00	5,215.00	15-Mar-08	None	4,560.00
Backerei Biere	Shopping Centre Detmold	20.00	6,000.00	31-Oct-09	None	4,800.00
vacant	Shopping Centre Detmold	21.00	0.00			5,050.00
vacant	Shopping Centre Detmold	40.00	0.00			2,880.00
Vacant	Shopping Centre Detmold	153.00	0.00			18,350.00
McDonalds	Shopping Centre Detmold	228.50	53,513.50	15-Aug-08	None	61,950.00
Buhri Kurt	Shopping Centre Detmold	20.00	4,141.50	30-Jun-08	None	4,800.00
DFMG	Shopping Centre Detmold	7.00	450.00	31-Oct-20	None	336.00
Vacant	Shopping Centre Detmold	37.50	0.00			2,250.00
Pehle	Shopping Centre Detmold	26.00	1,549.50	28-Feb-30	None	1,560.00
Andreeva	Shopping Centre Detmold	23.00	1,242.00	31-Oct-34	None	1,380.00
Wachtel	Shopping Centre Detmold	37.50	2,646.00	30-Apr-31	None	2,250.00
Brauhaus zur Garde	Shopping Centre Dormagen	82.50	13,349.00	27-Oct-07	None	13,850.00
Cinar	Shopping Centre Dormagen	27.50	11,634.00	30-Sep-10	None	13,200.00
Ongun	Shopping Centre Dormagen	18.00	7,797.50	30-Sep-12	None	6,050.00
Ernstings	Shopping Centre Dormagen	40.00	12,271.00	30-Sep-08	None	12,000.00
Rosenbaum	Shopping Centre Dormagen	31.00	13,041.00	07-Oct-07	None	11,900.00
Flackskamp	Shopping Centre Dormagen	17.50	7,530.00	28-Feb-10	None	7,550.00
Kenevelo	Shopping Centre Dormagen	67.50	27,000.00	31-Jul-09	None	22,700.00
Cecil	Shopping Centre Dormagen	54.00	16,489.00	31-Jan-14	None	18,150.00
Frisor Naas	Shopping Centre Dormagen	27.50	11,129.50	31-May-11	None	10,550.00
Engvers	Shopping Centre Dormagen	37.50	11,528.50	14-Oct-11	None	12,700.00
Engers	Shopping Centre Dormagen	0.00	600.00	31-Oct-10	None	0.00
Bonita	Shopping Centre Dormagen	48.00	14,648.50	01-Aug-09	None	14,400.00
Ganesthas	Shopping Centre Dormagen	56.00	10,500.00	31-Oct-08	None	18,800.00
Rentsch	Shopping Centre Dormagen	34.50	12,608.50	30-Apr-12	None	10,350.00
Teeladen	Shopping Centre Dormagen	15.50	7,695.00	31-Aug-15	None	7,650.00
Teeladen	Shopping Centre Dormagen	0.00	523.00	31-Oct-10	None	523.00
Vacant	Shopping Centre Dormagen	0.00	0.00			824.00
EVD	Shopping Centre Dormagen	93.50	31,599.50	28-Aug-07	None	24,700.00
Tanzschule Graab	Shopping Centre Dormagen	232.50	29,820.50	31-Aug-09	None	27,900.00
Confiserie	Shopping Centre Dormagen	12.50	5,739.50	31-Mar-08	None	5,400.00
Vacant	Shopping Centre Dormagen	327.50	0.00		None	27,500.00
Buddelei	Shopping Centre Dormagen	43.50	15,741.00	31-Aug-09	None	14,600.00
Frisor Klier	Shopping Centre Dormagen	53.50	19,940.50	28-Feb-10	None	43,200.00
Nguyea Thi Ngoan	Shopping Centre Dormagen	160.00	5,067.00	31-Oct-09	None	9,600.00
Nguyea Thi Ngoan	Shopping Centre Dormagen	0.00	567.00	31-Oct-10	None	1,130.00
RM Promotion	Shopping Centre Dormagen	105.00	6,120.00	31-Dec-05	None	25,200.00
Birkner	Shopping Centre Dormagen	26.50	12,120.00	31-Aug-08	None	10,800.00
Birkner	Shopping Centre Dormagen	0.00	391.00	31-Oct-10	None	391.00
McDonalds	Shopping Centre Dormagen	24.00	10,801.50	30-Apr-08	None	10,650.00
McDonalds	Shopping Centre Dormagen	0.00	527.50	31-Oct-10	None	527.50

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Weltbild Plus	Shopping Centre Dormagen	305.50	39,876.00	29-Feb-08	None	36,650.00
Optic Shulter	Shopping Centre Dormagen	43.00	18,102.00	30-Sep-06	None	16,500.00
Tchibo	Shopping Centre Dormagen	45.00	16,244.00	31-Aug-10	None	16,200.00
Tchibo	Shopping Centre Dormagen	0.00	656.50	31-Oct-10	None	656.50
Tchibo	Shopping Centre Dormagen	0.00	414.00	31-Oct-10	None	414.00
Kamps	Shopping Centre Dormagen	45.00	20,827.00	31-Aug-07	None	17,300.00
Vacant	Shopping Centre Dormagen	88.50	0.00			9,050.00
Hilgers	Shopping Centre Dormagen	63.00	24,115.00	14-Feb-06	None	18,900.00
Cosmo	Shopping Centre Dormagen	37.00	8,400.00	31-Oct-10	None	11,100.00
Bozkurt	Shopping Centre Dormagen	14.00	5,775.00	30-Nov-09	None	5,900.00
Volksbank	Shopping Centre Dormagen	5.00	1,181.50	27-Aug-07	None	1,200.00
Post	Shopping Centre Dormagen	157.50	36,551.50	31-Oct-09	None	34,000.00
Vacant	Shopping Centre Dormagen	199.00	0.00		None	14,350.00
Vacant	Shopping Centre Dormagen	655.00	0.00			78,600.00
Filipo Bet & Morgan	Shopping Centre Dormagen	122.50	35,493.00	31-Mar-10	None	35,300.00
Vacant	Shopping Centre Dormagen	0.00	0.00			1,196.50
C&A	Shopping Centre Dormagen	500.00	72,000.00	28-Feb-10	None	72,000.00
Vacant	Shopping Centre Dormagen	586.50	0.00			70,400.00
Schwanen Parfumerie	Shopping Centre Dormagen	73.50	19,041.50	25-Sep-10	None	22,050.00
Schwanen Parfumerie	Shopping Centre Dormagen	0.00	389.00	31-Oct-10	None	389.00
Wissmach	Shopping Centre Dormagen	58.50	21,474.00	31-Aug-12	None	19,650.00
Wolsdorf Tobacco	Shopping Centre Dormagen	22.00	5,998.50	07-Sep-07	None	6,600.00
Edeka	Shopping Centre Dormagen	815.00	97,508.50	30-Sep-10	None	107,600.00
C&A	Shopping Centre Dormagen	300.00	0.00	31-Oct-16	None	43,200.00
Banse	Shopping Centre Dormagen	0.00	765.00	30-Apr-11	None	765.00
Suka	Shopping Centre Dormagen	0.00	221.00	31-Oct-10	None	221.00
Post	Shopping Centre Dormagen	0.00	0.00	31-Oct-10	None	80.00
Diverse	Shopping Centre Dormagen	0.00	0.00	31-Oct-10	None	873.50
Eiscafe	Shopping Centre Dormagen	54.00	4,525.00	31-Mar-10	None	3,890.00
Grundmann	Shopping Centre Dormagen	21.50	2,220.00	30-Sep-09	None	1,550.00
Ludolph	Shopping Centre Dormagen	25.50	2,651.50	15-May-13	None	1,835.00
Eiscafe	Shopping Centre Dormagen	31.00	3,323.00	31-Mar-10	None	2,230.00
Eiscafe	Shopping Centre Dormagen	61.50	6,190.50	31-Mar-10	None	4,430.00
Bruck	Shopping Centre Dormagen	50.00	3,988.00	31-Aug-10	None	3,600.00
Banse	Shopping Centre Dormagen	28.50	2,910.00	31-Oct-12	None	2,735.00
Mahlberg	Shopping Centre Dormagen	40.00	3,662.50	30-Jun-11	None	2,880.00
Ludicke	Shopping Centre Dormagen	42.00	3,900.00	14-Feb-14	None	3,025.00
Vacant	Shopping Centre Dormagen	42.50	0.00			3,060.00
Husch	Shopping Centre Dormagen	42.50	3,622.00	14-May-12	None	3,060.00
Giza	Shopping Centre Dormagen	19.00	1,776.00	31-Dec-08	None	1,370.00
Siegert	Shopping Centre Dormagen	64.00	5,078.00	31-Jul-13	None	4,610.00
Von Berg	Shopping Centre Dormagen	62.50	5,016.50	14-Jun-13	None	4,500.00
Co	Shopping Centre Dormagen	62.50	4,601.50	31-Jul-11	None	4,500.00
Pfister	Shopping Centre Dormagen	62.50	5,000.50	31-Aug-10	None	4,500.00
Morgan	Shopping Centre Dormagen	62.50	4,818.00	31-Oct-12	None	4,500.00
Karstadt	Shopping Centre Garbsen	2,975.00	324,222.00	30-Aug-20	None	357,000.00
Agajounifini	Shopping Centre Hannover Garbsen	43.00	11,230.00	30-Oct-13	None	9,300.00
Witte	Shopping Centre Hannover Garbsen	45.00	11,870.00	31-Jul-06	None	9,700.00
Baccara Blumen	Shopping Centre Hannover Garbsen	69.50	18,630.00	30-May-11	None	15,000.00
Wissmach	Shopping Centre Hannover Garbsen	47.50	14,713.00	31-Dec-08	None	10,250.00
Van Binh Nguyen	Shopping Centre Hannover Garbsen	11.50	1,500.00	31-Dec-08	None	2,485.00
HIT/Widdel	Shopping Centre Hannover Garbsen	2,178.50	224,020.50	18-Dec-21	None	313,700.00
HIT/Widdel	Shopping Centre Hannover Garbsen	220.00	22,608.00	18-Dec-21	None	31,700.00
HIT/Widdel	Shopping Centre Hannover Garbsen	30.00	3,067.00	18-Dec-21	None	4,320.00
Dosemeci	Shopping Centre Hannover Garbsen	46.00	12,568.00	31-Oct-12	None	9,950.00
Rossmann	Shopping Centre Hannover Garbsen	217.50	31,719.50	28-Feb-10	None	47,000.00
Yilmaz	Shopping Centre Hannover Garbsen	24.00	2,406.50	31-Oct-12	None	2,405.00
Yilmaz	Shopping Centre Hannover Garbsen	38.00	10,207.50	31-Oct-12	None	8,200.00
Uplegger	Shopping Centre Hannover Garbsen	72.00	14,118.00	31-Dec-10	None	15,550.00
B+B Spielwelt	Shopping Centre Hannover Garbsen	84.00	19,050.50	31-Mar-10	None	18,150.00
Reshadi	Shopping Centre Hannover Garbsen	59.00	0.00	31-May-10	None	19,450.00
Wulfs	Shopping Centre Hannover Garbsen	70.00	14,577.50	31-Dec-08	None	15,100.00
Reshadi	Shopping Centre Hannover Garbsen	49.50	0.00	31-May-10	None	0.00
Dhian Singh	Shopping Centre Hannover Garbsen	26.00	6,885.00	31-Aug-06	None	5,600.00
Bangiev	Shopping Centre Hannover Garbsen	50.00	10,867.50	30-Jun-06	None	10,800.00
Kenvelo Sportswear GmBH	Shopping Centre Hannover Garbsen	178.50	28,325.50	30-Jun-06	None	38,550.00
DHZ Hausmaster	Shopping Centre Hannover Garbsen	5.00	1,534.00	30-Jun-08	None	1,080.00
Effinghausen	Shopping Centre Hannover Garbsen	65.00	12,420.00	30-Apr-15	None	14,050.00
Ernsting's	Shopping Centre Hannover Garbsen	71.00	14,294.50	31-Dec-06	None	15,350.00
Van Binh Nguyen	Shopping Centre Hannover Garbsen	40.50	10,271.00	31-Dec-08	None	8,750.00
Elsenbach	Shopping Centre Hannover Garbsen	68.00	11,262.00	31-Aug-09	None	14,700.00
Bijoux Venus	Shopping Centre Hannover Garbsen	23.50	5,899.50	31-Oct-09	None	5,100.00
Kusters	Shopping Centre Hannover Garbsen	38.00	13,857.00	15-Jan-08	None	8,200.00
Fotofix	Shopping Centre Hannover Garbsen	0.00	1,206.50	31-Mar-10	None	1,205.00
Normatov	Shopping Centre Hannover Garbsen	25.50	5,165.50	30-Dec-07	None	5,500.00
Commerzbank AGI	Shopping Centre Hannover Garbsen	0.00	2,301.00	30-Nov-05	None	2,300.00
Vacant	Shopping Centre Hannover Garbsen	0.00	0.00			0.00
Demirel	Shopping Centre Hannover Garbsen	0.00	3,067.50	31-Aug-16	None	3,070.00

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Klingk	Shopping Centre Hannover Garbsen	11.50	3,938.50	31-Jul-08	None	2,485.00
Deichmann	Shopping Centre Hannover Garbsen	255.00	50,510.00	31-Mar-13	None	55,100.00
Hinsemann	Shopping Centre Hannover Garbsen	70.50	15,626.00	31-Dec-06	None	15,250.00
Geffke	Shopping Centre Hannover Garbsen	38.00	5,643.50	31-Dec-07	None	8,200.00
Stroer	Shopping Centre Hannover Garbsen	0.00	400.00	30-Sep-08	None	400.00
Schlecker	Shopping Centre Hannover Garbsen	103.50	15,000.00	30-Aug-14	None	22,350.00
Ko-Bach	Shopping Centre Hannover Garbsen	40.00	9,262.00	31-Aug-06	None	8,650.00
Loest	Shopping Centre Lipstadt	52.50	2,610.00	31-May-32	None	3,150.00
Dobbek	Shopping Centre Lipstadt	29.50	0.00	31-Aug-20	None	5,300.00
Vacant	Shopping Centre Lipstadt	0.00	0.00			0.00
Biermeyer	Shopping Centre Lipstadt	112.50	7,360.00	31-Jan-06	None	8,100.00
Powerphone	Shopping Centre Lipstadt	24.50	4,685.00	31-Dec-09	None	2,060.00
C & A	Shopping Centre Lipstadt	2,143.50	218,000.00	16-Aug-09	None	205,800.00
Contipark	Shopping Centre Lipstadt	15.00	54,387.50	31-Dec-07	None	54,400.00
Rosinska	Shopping Centre Lipstadt	52.50	4,224.50	30-Nov-08	None	4,410.00
Lott	Shopping Centre Lipstadt	44.50	8,022.50	30-Sep-14	None	8,000.00
Frenandez	Shopping Centre Lipstadt	310.50	26,477.50	31-Dec-06	None	55,900.00
Woike + Su Kim	Shopping Centre Lipstadt	46.50	2,712.00	31-Oct-08	None	2,790.00
Vacant	Shopping Centre Lipstadt	84.00	0.00			9,050.00
Hess GmBH	Shopping Centre Lipstadt	232.00	33,091.00	31-Mar-07	None	41,750.00
Haak	Shopping Centre Lipstadt	164.00	11,841.50	14-Aug-10	None	11,800.00
Hausen	Shopping Centre Lipstadt	69.00	6,600.00	30-Jun-10	None	8,300.00
V & K Optik	Shopping Centre Lipstadt	41.00	6,639.00	31-Dec-10	None	7,400.00
Knifa	Shopping Centre Lipstadt	0.50	0.00	22-Jul-12	None	360.00
Linea Design	Shopping Centre Lipstadt	12.00	6,000.00	30-Sep-09	None	2,880.00
Lippstadt b.v.	Shopping Centre Lipstadt	20.00	0.00	28-Feb-10	None	1,440.00
Strey	Shopping Centre Lipstadt	18.00	1,200.00	31-Jul-33	None	1,080.00
Lott	Shopping Centre Lipstadt	180.00	32,427.00	30-Sep-14	None	32,400.00
Vacant	Shopping Centre Lipstadt	5.00	0.00			120.00
Fotofix	Shopping Centre Lipstadt	0.50	0.00	31-Aug-15	None	360.00
Bijoux Venus	Shopping Centre Lipstadt	26.50	8,103.50	31-Jul-08	None	6,350.00
NewYorker	Shopping Centre Lipstadt	191.00	67,630.50	13-Sep-09	None	45,850.00
Quelle	Shopping Centre Lipstadt	341.00	23,010.00	31-Dec-05	None	81,850.00
Ryf Coiffeur	Shopping Centre Lipstadt	69.00	13,223.50	30-Sep-09	None	16,550.00
Sport und Freizeit Kerstin	Shopping Centre Lipstadt	600.00	40,420.00	31-Dec-08	None	144,000.00
Ernstings	Shopping Centre Lipstadt	102.50	19,800.00	31-Dec-09	None	24,600.00
Vacant	Shopping Centre Lipstadt	18.00	0.00			1,295.00
Vacant	Shopping Centre Lipstadt	7.00	0.00			168.00
Dr Wintermann	Shopping Centre Lipstadt	115.00	0.00	30-Sep-15	None	5,500.00
Vacant	Shopping Centre Lipstadt	0.50	0.00			0.00
Vacant	Shopping Centre Lipstadt	5.00	0.00			120.00
C & A	Shopping Centre Lipstadt	0.50	2,400.00	16-Aug-09	None	2,400.00
Karstadt Kompakt GmbH & Co. KG	Shopping Centre Rheine Mathias Strasse	4,993.00	426,654.00	30-Aug-20	None	599,000.00
Heinz Hellmann	Shopping Centre Rheine Rathaus Zentrum	12.00	5,788.50	31-Aug-06	None	4,320.00
Leckerland	Shopping Centre Rheine Rathaus Zentrum	23.50	11,280.00	31-May-07	None	8,450.00
De Decker	Shopping Centre Rheine Rathaus Zentrum	9.00	6,199.50	31-Aug-07	None	3,240.00
Eigentuemergem	Shopping Centre Rheine Rathaus Zentrum	8.00	604.50	31-Dec-06	None	575.00
Altemeppen	Shopping Centre Rheine Rathaus Zentrum	0.00	393.00	13-Jun-06	None	393.00
Gude	Shopping Centre Rheine Rathaus Zentrum	0.00	196.50	30-Jun-16	None	196.50
vacant	Shopping Centre Rheine Rathaus Zentrum	0.00	0.00			630.00
Nacke	Shopping Centre Rheine Rathaus Zentrum	0.00	196.50	31-Dec-15	None	196.50
Piepel	Shopping Centre Rheine Rathaus Zentrum	0.00	196.50	31-Oct-16	None	196.50
Mensing	Shopping Centre Rheine Rathaus Zentrum	2,877.50	225,182.00	14-Oct-09	None	266,900.00
Bandura	Shopping Centre Sessen Harz	44.50	6,682.00	31-Dec-11	None	6,400.00
Fernandez	Shopping Centre Sessen Harz	40.50	9,124.00	30-Apr-08	None	5,850.00
Occhipinti	Shopping Centre Sessen Harz	64.00	13,201.00	31-Mar-10	None	9,200.00
Occhipinti	Shopping Centre Sessen Harz	21.00	1,840.50	31-Mar-10	None	2,015.00
Occhipinti	Shopping Centre Sessen Harz	68.00	213.50	31-Mar-10	None	2,450.00
Vacant	Shopping Centre Sessen Harz	57.50	0.00			8,300.00
Vacant	Shopping Centre Sessen Harz	6.00	0.00			865.00
Wandelt und Stab	Shopping Centre Sessen Harz	52.50	7,988.50	05-Feb-11	None	7,550.00
Vacant	Shopping Centre Sessen Harz	15.00	0.00			2,700.00
Blaess	Shopping Centre Sessen Harz	43.50	7,432.00	21-Jul-14	None	6,250.00
Schwager	Shopping Centre Sessen Harz	102.50	9,000.00	31-Dec-08	None	14,750.00
A.V.A.	Shopping Centre Sessen Harz	2,562.50	299,212.50	31-Jul-20	None	369,000.00
Schwager	Shopping Centre Sessen Harz	866.50	46,800.00	31-Dec-08	None	124,800.00
Blaess	Shopping Centre Sessen Harz	15.00	3,858.50	21-Jul-14	None	2,160.00
DAK	Shopping Centre Sessen Harz	96.00	9,203.50	30-Apr-10	None	5,750.00
Vacant	Shopping Centre Sessen Harz	16.00	0.00			2,305.00
Occhipinti	Shopping Centre Sessen Harz	61.50	3,773.50	31-Mar-10	None	3,690.00
Vacant	Shopping Centre Sessen Harz	61.00	0.00			3,660.00
Vacant	Shopping Centre Sessen Harz	64.00	0.00			3,840.00
Cut & Go	Shopping Centre Sessen Harz	32.50	5,420.50	31-Dec-09	None	4,680.00
Doctor Schneider	Shopping Centre Sessen Harz	134.00	13,144.50	28-Feb-13	None	8,050.00
Fricke	Shopping Centre Sessen Harz	22.50	2,688.00	31-Dec-09	None	3,240.00
Begni	Shopping Centre Sessen Harz	31.00	3,681.50	30-Nov-16	None	4,465.00
Begni	Shopping Centre Sessen Harz	19.00	0.00	30-Nov-16	None	2,735.00

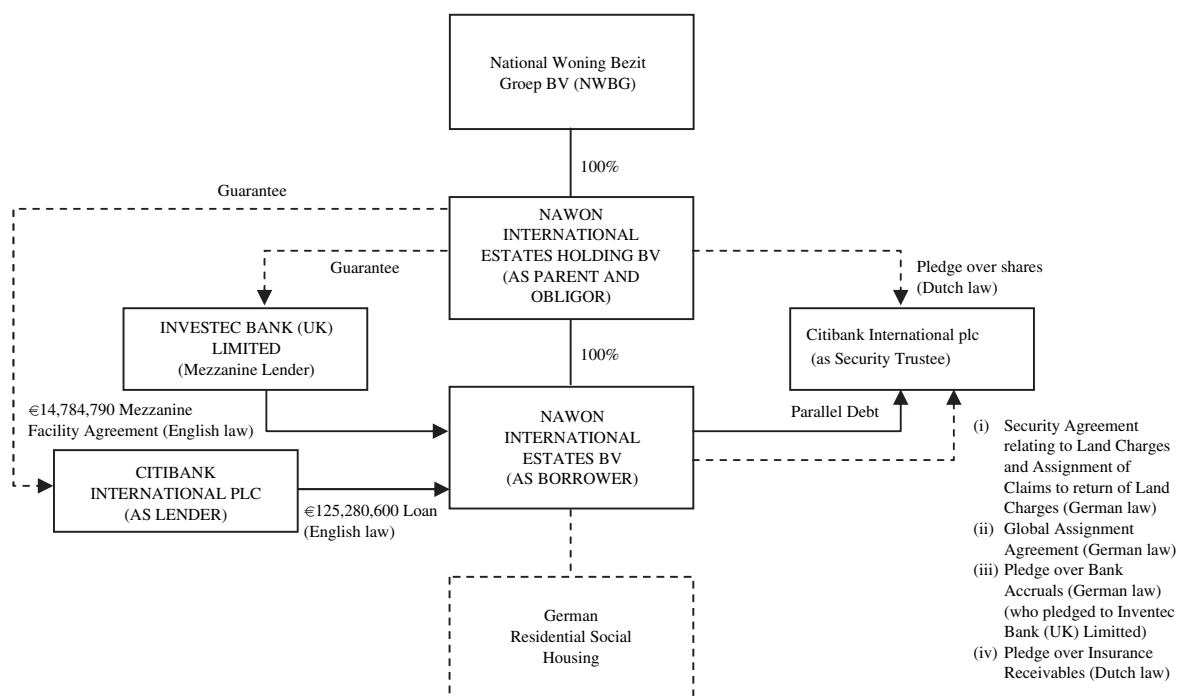
Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Vacant	Shopping Centre Sessen Harz	22.00	0.00			3,170.00
Vacant	Shopping Centre Sessen Harz	52.00	0.00			7,500.00
Vacant	Shopping Centre Sessen Harz	5.00	0.00			720.00
Vacant	Shopping Centre Sessen Harz	66.50	0.00			9,600.00
Vacant	Shopping Centre Sessen Harz	73.00	0.00			10,500.00
Marholdt	Shopping Centre Sessen Harz	100.50	3,417.00	30-Jun-10	None	6,050.00
Vacant	Shopping Centre Sessen Harz	89.00	0.00			5,350.00
Vacant	Shopping Centre Sessen Harz	0.00	0.00			600.00
Comm/Advertising	Shopping Centre Sessen Harz	0.00	300.00	10-Jan-07	None	300.00
Fotofix	Shopping Centre Sessen Harz	0.00	0.00	31-May-10	None	240.00
Vacant	Shopping Centre Sessen Harz	8.50	0.00			204.00
Vacant	Shopping Centre Sessen Harz	8.50	0.00			204.00
Vacant	Shopping Centre Sessen Harz	8.50	0.00			204.00
Caretaker Room	Shopping Centre Sessen Harz	30.00	0.00	01-Jan-26	None	720.00
Holland Blumen	Shopping Centre Sessen Harz	102.50	12,167.50	31-May-10	None	12,167.50
Rewe & Co	Shopping Centre Stuttgart Boblingen	1,450.50	195,336.00	31-Dec-10	None	261,100.00
B+B Parkhaus	Shopping Centre Stuttgart Boblingen	0.00	86,526.00	31-Dec-11	None	86,050.00
Reno Schuhcentrum	Shopping Centre Stuttgart Boblingen	211.00	49,123.00	31-Dec-08	None	45,600.00
Vacancy	Shopping Centre Stuttgart Boblingen	41.00	0.00			9,850.00
Kapsalon Klein	Shopping Centre Stuttgart Boblingen	61.00	22,309.00	31-Dec-05	None	18,300.00
Hermann	Shopping Centre Stuttgart Boblingen	19.00	10,780.50	31-Oct-07	None	5,700.00
Yuvarlak	Shopping Centre Stuttgart Boblingen	29.50	13,560.00	31-Dec-05	None	8,850.00
Tchibo	Shopping Centre Stuttgart Boblingen	59.50	22,908.00	31-Dec-10	None	17,850.00
Budack	Shopping Centre Stuttgart Boblingen	19.00	11,006.00	31-Dec-05	None	5,700.00
Atlas Reisen	Shopping Centre Stuttgart Boblingen	33.50	18,551.00	31-Dec-05	None	10,050.00
Bonita	Shopping Centre Stuttgart Boblingen	62.50	28,292.50	31-Dec-08	None	18,750.00
Douglas	Shopping Centre Stuttgart Boblingen	210.00	78,362.50	31-Jan-13	None	63,000.00
Fielmann	Shopping Centre Stuttgart Boblingen	102.50	46,020.00	31-Dec-12	None	30,750.00
Nowaz	Shopping Centre Stuttgart Boblingen	125.00	15,000.00	31-Dec-08	None	15,000.00
Nordsee	Shopping Centre Stuttgart Boblingen	76.50	39,729.00	31-Oct-06	None	22,950.00
Grabitz	Shopping Centre Stuttgart Boblingen	27.50	14,212.50	31-Dec-05	None	9,900.00
Ferrara	Shopping Centre Stuttgart Boblingen	30.50	16,326.00	31-Dec-09	None	11,000.00
Grasnick	Shopping Centre Stuttgart Boblingen	18.00	10,056.50	31-Dec-05	None	6,500.00
Vacant	Shopping Centre Stuttgart Boblingen	50.50	0.00			12,100.00
Graf Automat	Shopping Centre Stuttgart Boblingen	0.00	0.00	31-Dec-17	None	0.00
Hoang Bui Vu	Shopping Centre Stuttgart Boblingen	7.50	6,844.50	31-Dec-06	None	1,620.00
Vacant	Shopping Centre Stuttgart Boblingen	405.00	0.00			97,200.00
Vacant	Shopping Centre Stuttgart Boblingen	200.00	0.00			48,000.00
Vacant	Shopping Centre Stuttgart Boblingen	257.50	0.00			61,800.00
Vacant	Shopping Centre Stuttgart Boblingen	1,725.00	0.00			310,500.00
Hermann	Shopping Centre Stuttgart Boblingen	13.50	1,620.00	31-Oct-17	None	1,295.00
Ferrera	Shopping Centre Stuttgart Boblingen	6.50	0.00	31-Dec-09	None	156.00
Centre Management Office	Shopping Centre Stuttgart Boblingen	40.00	0.00	31-May-09	None	2,880.00
Lange	Shopping Centre Stuttgart Boblingen	50.00	3,300.00	31-May-18	None	1,200.00
Vrakas	Shopping Centre Stuttgart Boblingen	275.00	0.00	30-Nov-14	None	33,000.00
Vacant	Shopping Centre Stuttgart Boblingen	373.00	0.00			44,750.00
Vacant	Shopping Centre Stuttgart Boblingen	10.50	0.00			252.00
Vacant	Shopping Centre Stuttgart Boblingen	15.00	0.00			360.00
Vacant	Shopping Centre Stuttgart Boblingen	10.00	0.00			240.00
Hausmeister	Shopping Centre Stuttgart Boblingen	19.50	0.00	31-May-15	None	468.00
Hermann	Shopping Centre Stuttgart Boblingen	9.50	858.50	31-Oct-07	None	228.00
Vacant	Shopping Centre Stuttgart Boblingen	6.50	0.00			156.00
Douglas	Shopping Centre Stuttgart Boblingen	13.50	1,260.00	31-Jan-13	None	324.00
Vacant	Shopping Centre Stuttgart Boblingen	45.50	0.00			1,090.00
Vacant	Shopping Centre Stuttgart Boblingen	4.50	0.00			108.00
Yuvarlak	Shopping Centre Stuttgart Boblingen	7.50	619.00	31-Dec-05	None	180.00
Vacant	Shopping Centre Stuttgart Boblingen	15.50	0.00			372.00
Hoang Bui Vu	Shopping Centre Stuttgart Boblingen	8.50	955.00	31-Dec-06	None	204.00
Vacant	Shopping Centre Stuttgart Boblingen	4.50	0.00			108.00
Vacant	Shopping Centre Stuttgart Boblingen	4.50	0.00			108.00
Vacant	Shopping Centre Stuttgart Boblingen	4.50	0.00			108.00
Vacant	Shopping Centre Stuttgart Boblingen	15.00	0.00			360.00
Vacant	Shopping Centre Stuttgart Boblingen	9.00	0.00			216.00
Landlord Storage	Shopping Centre Stuttgart Boblingen	59.50	0.00	31-Dec-15	None	1,430.00
Landlord Storage	Shopping Centre Stuttgart Boblingen	61.50	0.00	31-Jan-16	None	1,475.00
Tchibo	Shopping Centre Stuttgart Boblingen	11.50	1,115.00	31-Dec-10	None	276.00
Nordsee	Shopping Centre Stuttgart Boblingen	5.50	369.00	31-Oct-06	None	132.00
Vacant	Shopping Centre Stuttgart Boblingen	35.00	0.00			840.00
Vacant	Shopping Centre Stuttgart Boblingen	275.00	0.00			66,000.00
H&M	Shopping Centre Stuttgart Boblingen	903.50	162,000.00	30-Jun-06	None	195,150.00
Vacant	Shopping Centre Stuttgart Boblingen	163.50	0.00			39,250.00
Vacant	Shopping Centre Stuttgart Boblingen	47.50	0.00			11,400.00
Backerei	Shopping Centre Stuttgart Boblingen	48.50	26,787.00	30-Nov-11	None	11,650.00
Storage Eram	Shopping Centre Stuttgart Boblingen	0.00	1,646.00	30-Apr-19	None	0.00
Helmut Schmalz	Augsburg	32.18	1,994.00	01-Jul-08	None	2,315.00
Johannes Struth	Augsburg	40.79	2,398.50	30-Jun-09	None	2,935.00
Dr J Rothamel	Augsburg	121.94	14,999.00	31-Mar-08	None	13,150.00
Dr Alexander Zarnitz	Augsburg	88.29	8,615.50	30-Apr-13	None	9,550.00

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Manpower GmbH (now vacant)	Augsburg	57.64	0.00	24-Jul-14	None	4,840.00
VACANT	Augsburg	99.76	0.00			8,400.00
YEANS HALL	Augsburg	617.08	83,660.00	31-Dec-08	None	106,450.00
VACANT	Augsburg	23.69	0.00			1,420.00
VACANT	Augsburg	158.89	0.00			38,150.00
Bienenkorb Mode GmbH	Augsburg	54.58	11,563.00	30-Sep-08	None	12,850.00
Bienenkorb Mode GmbH	Augsburg	50.35	16,823.50	31-Aug-08	None	15,100.00
Sieglinde Dewald	Augsburg	131.64	32,215.00	30-Sep-09	None	39,500.00
Astrid Doerschug	Augsburg	102.35	15,271.50	31-Dec-14	None	22,300.00
Christa Karl (Harvey's)	Augsburg	17.01	14,787.50	30-Apr-06	None	10,200.00
Koffer-Kopf	Augsburg	39.85	14,057.00	15-May-06	None	11,050.00
Mondo Bazaar GmbH	Augsburg	80.22	54,311.00	15-Apr-08	None	25,550.00
Strumpfecke	Augsburg	20.50	8,730.00	16-Apr-06	None	7,550.00
VACANT	Augsburg	52.01	0.00			15,600.00
Susanne Hoffmann	Augsburg	73.69	20,100.00	31-Oct-06	None	20,100.00
Stefanel GmbH	Augsburg	93.26	37,106.50	30-Jun-06	None	28,000.00
Uwe Dyer (Jeans Ranch)	Augsburg	33.61	17,906.50	30-Sep-07	None	7,850.00
Mahn Werk GmbH	Augsburg	88.11	4,557.50	01-Mar-15	None	7,250.00
VACANT	Augsburg	207.56	0.00			17,450.00
VACANT	Augsburg	27.21	0.00			2,285.00
VACANT	Augsburg	26.75	0.00			2,245.00
VACANT	Augsburg	10.33	0.00			745.00
VACANT	Augsburg	11.70	0.00			845.00
VACANT	Augsburg	49.01	0.00			3,530.00
VACANT	Augsburg	7.38	0.00			530.00
VACANT	Augsburg	15.09	0.00			1,085.00
Manfred Beeh	Huckeswagen	13.36	2,869.00	30-Apr-11	None	2,405.00
Beier Ralf	Huckeswagen	0.00	120.00	28-Feb-18	None	180.00
Beier Ralf	Huckeswagen	0.00	180.00	28-Feb-18	None	180.00
Biesenbach	Huckeswagen	0.00	180.00	30-Apr-20	None	180.00
Blume UTE	Huckeswagen	0.00	186.00	14-Jun-18	None	180.00
Briede Kar	Huckeswagen	0.00	184.00	14-Oct-12	None	180.00
Bruegger A	Huckeswagen	19.92	1,467.00	31-Aug-19	None	1,315.00
Dremel Jan	Huckeswagen	0.00	184.00	31-Oct-14	None	180.00
Alexander Efimenko	Huckeswagen	0.00	184.00	31-Oct-15	None	180.00
Denis und Ludmilla Foell	Huckeswagen	44.23	2,976.00	14-Apr-20	None	2,920.00
Brigitte Foerstetr-Reehag	Huckeswagen	0.00	180.00	30-Apr-20	None	180.00
Antonio Fornarelli	Huckeswagen	19.79	1,500.00	31-Mar-18	None	1,305.00
Antonio Fornarelli	Huckeswagen	0.00	184.00	31-Jul-17	None	180.00
Hartmut Gawel	Huckeswagen	0.00	186.00	05-Jun-18	None	180.00
Hahn Kirst	Huckeswagen	0.00	180.00	14-Jun-20	None	180.00
Carsten Heinrich	Huckeswagen	0.00	186.00	14-Feb-19	None	180.00
Gerhard Jansen	Huckeswagen	0.00	184.00	29-Feb-16	None	180.00
Michael Kuhn	Huckeswagen	0.00	184.00	30-Sep-08	None	180.00
Kuhn Micha	Huckeswagen	0.00	0.00	31-Jul-08	None	180.00
Lee Hubert	Huckeswagen	0.00	153.50	31-Aug-19	None	180.00
Ilona Leschmann	Huckeswagen	0.00	184.00	14-Sep-19	None	180.00
Alkan Levendt	Huckeswagen	0.00	184.00	14-Jun-14	None	180.00
Marina und Wladimir Prtlieb	Huckeswagen	30.31	2,322.00	14-Mar-17	None	2,000.00
Marina und Wladimir Ortlieb	Huckeswagen	0.00	184.00	31-May-19	None	180.00
Brigitte Schwier	Huckeswagen	0.00	184.00	14-Oct-12	None	180.00
Gerhard Preuss	Huckeswagen	0.00	184.00	31-Dec-13	None	180.00
Preuss Ger	Huckeswagen	0.00	184.00	31-Dec-13	None	180.00
Christel Reichel	Huckeswagen	0.00	107.50	31-May-08	None	180.00
Restaurant	Huckeswagen	0.00	1,533.50	30-Nov-07	None	1,500.00
Ruth Reichel	Huckeswagen	32.11	2,364.00	31-Mar-14	None	2,120.00
Ruth Reichel	Huckeswagen	0.00	184.00	31-Mar-14	None	150.00
Berta und Friedhelm Schneider	Huckeswagen	35.79	2,340.00	31-May-19	None	2,360.00
Scheider B	Huckeswagen	0.00	186.00	31-Mar-19	None	180.00
Hertha Schmale	Huckeswagen	19.79	0.00	14-Sep-16	None	1,305.00
Katja Schmauch	Huckeswagen	30.03	1,740.00	14-May-18	None	1,980.00
Schmitz An	Huckeswagen	21.40	1,575.50	30-Jun-10	None	1,415.00
Schneider	Huckeswagen	0.00	184.00	31-Jul-17	None	180.00
Schwarzweber (Hienz Dieter)	Huckeswagen	22.89	1,687.50	31-Aug-10	None	1,510.00
Schwoche B	Huckeswagen	19.88	1,466.50	31-Mar-12	None	1,310.00
Vacant Residential	Huckeswagen	30.31	0.00			2,000.00
Vacant Parking	Huckeswagen	0.00	0.00			4,955.00
Wahle Chri	Huckeswagen	24.63	1,830.00	01-Jan-08	None	1,625.00
Wahle Gabr	Huckeswagen	34.39	2,546.00	31-Jan-18	None	2,270.00
Wahle Gabr	Huckeswagen	0.00	150.00	31-Jan-17	None	180.00
Walkhoff M	Huckeswagen	23.43	1,583.00	31-Mar-09	None	1,545.00
Walkhoff M	Huckeswagen	0.00	184.00	31-Dec-08	None	180.00
Wenzlau LI	Huckeswagen	31.51	2,319.00	31-Mar-12	None	2,080.00
Wenzlau LI	Huckeswagen	0.00	184.00	31-Mar-12	None	180.00
Manfred Beeh	Huckeswagen	34.29	6,242.50	30-May-10	None	6,150.00
Ahmed Sbai	Huckeswagen	42.19	4,500.00	31-Dec-07	None	3,725.00
Anton Schlecker	Huckeswagen	105.00	12,717.50	31-May-09	None	12,600.00
Robert Bocola	Huckeswagen	57.45	4,977.50	31-Oct-11	None	4,825.00

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Dr Uwe Ebinghaus	Huckeswagen	69.01	7,107.50	31-Aug-07	None	5,850.00
REAL (EXTRA) Deutschland GmbH	Huckeswagen	875.56	103,635.00	31-Jul-11	None	100,700.00
Antonio Fornarelli	Huckeswagen	28.31	4,114.00	31-Jul-07	None	5,100.00
Nigbur Automaten	Huckeswagen	69.13	19,386.50	30-Sep-07	None	12,450.00
Deutsche Telekom AG	Moenchengladbach	0.00	640.50	31-Dec-14	None	640.00
Benedict Sprachschule	Moenchengladbach	650.96	71,499.00	30-Sep-06	None	70,300.00
GLADBAU	Moenchengladbach	591.50	55,812.00	31-Jan-10	None	62,950.00
START Zeitarbeit NRW GmbH (Now vacant)	Moenchengladbach	77.58	0.00	31-Dec-05	None	8,400.00
TBS – Technologieberatungsstelle beim DGB	Moenchengladbach	216.92	20,952.50	30-Sep-06	None	23,450.00
Herr Hong Wang Tang	Moenchengladbach	280.69	27,383.00	30-Sep-15	None	23,600.00
ADESSA Moden GmbH	Moenchengladbach	231.14	9,753.50	31-May-08	None	19,550.00
Ayse Caprak	Moenchengladbach	15.53	2,382.00	31-Dec-06	None	5,600.00
Friseurbetriebe Walter Herrmanns GmbH	Moenchengladbach	54.72	6,852.00	31-Aug-06	None	6,050.00
G+W Wahler Der Modemarkt GmbH	Moenchengladbach	142.18	21,480.00	31-Oct-06	None	15,350.00
Anita Joswig	Moenchengladbach	28.00	5,040.00	31-Mar-09	None	10,100.00
Kamps Rheinland GmbH	Moenchengladbach	61.60	23,844.00	30-Sep-08	None	18,650.00
Mr Tihomir Kovacic	Moenchengladbach	83.77	29,292.50	31-Jan-07	None	27,250.00
MG Medien GmbH	Moenchengladbach	7.63	2,745.00	31-Jan-07	None	2,745.00
Herr Avraham Nagar	Moenchengladbach	7.39	2,660.00	31-Oct-06	None	2,660.00
Olymp + Hades Textil GmbH	Moenchengladbach	694.00	42,000.00	30-Sep-08	None	66,500.00
Mrs. Alice Maria Schuh	Moenchengladbach	49.92	8,101.50	31-Dec-06	None	6,750.00
Mr Güven Secen and Mrs Nilüfer Secen	Moenchengladbach	20.98	6,300.00	15-Sep-09	None	7,550.00
Strauss Innovationen GmbH&Co. KG	Moenchengladbach	644.70	45,000.00	30-Sep-08	None	38,850.00
Vacant	Moenchengladbach	288.70	0.00			17,300.00
Vacant	Moenchengladbach	172.02	0.00			10,300.00
Vacant	Moenchengladbach	10.78	0.00			645.00
Vacant	Moenchengladbach	58.81	0.00			3,530.00
Vacant	Moenchengladbach	64.52	0.00			3,870.00
Vacant	Moenchengladbach	22.53	0.00			1,350.00
Vacant	Moenchengladbach	5.25	0.00			283.50
Vacant	Moenchengladbach	2.55	0.00			137.50
Mrs Yeter Ay	Moenchengladbach	25.25	6,059.00	30-Sep-06	None	9,100.00
FO-VI-COM	Moenchengladbach	95.64	14,799.50	30-Jun-08	None	25,700.00
Dandy Modewaren GmbH&Co. KG	Passau	319.03	38,300.00	30-Sep-09	None	38,300.00
Kosmetik und Parfümerie Haller GmbH	Passau	62.13	19,060.00	30-Jun-09	None	14,900.00
Lederhofer GmbH (Now vacant)	Passau	31.49	0.00	30-Nov-05	None	9,450.00
Webb Service GmbH/Mister Minit	Passau	7.72	9,900.00	12-Apr-08	None	9,250.00
Veronica Bogner	Passau	35.75	8,100.00	30-Apr-25	None	8,400.00
Frisoer Klier	Passau	72.26	13,743.00	31-Aug-09	None	17,350.00
HW Fashion	Passau	125.00	17,250.00	31-Mar-15	None	18,000.00
Walter Simon	Passau	169.60	25,107.50	30-Apr-14	None	24,200.00
Vacant	Passau	36.58	0.00			10,950.00
Vacant	Passau	99.16	0.00			23,800.00
Kaether Hautum-Nachf. GmbH	Passau	78.92	11,358.00	31-Jan-13	None	18,950.00
Johann Weber	Passau	88.64	21,250.00	31-Oct-23	None	21,250.00
dm-Voermoegens-Verwaltungsgesellschaft mbH	Passau	212.89	47,882.50	31-Aug-06	None	40,500.00
Schmuckparadies in der Donaupassage	Passau	50.92	19,535.00	31-Mar-08	None	12,200.00
Bijou Venus	Passau	58.20	17,460.00	30-Sep-13	None	13,950.00
Gabriele Herrmann	Passau	74.30	19,633.50	31-Dec-06	None	17,850.00
Johann Weber	Passau	115.55	27,732.00	30-Apr-13	None	27,750.00
Oskar Kunkel	Passau	22.56	5,522.00	31-May-10	None	4,330.00
NEW YORKER	Passau	195.33	43,090.50	17-Jan-10	None	36,600.00
Western Store Beran	Passau	164.95	30,360.50	02-Nov-09	None	35,650.00
Heinrich Deichmann - Schuhe GmbH & Co. KG	Passau	277.67	52,200.00	01-Nov-09	None	50,000.00
ProMarkt Süd GmbH	Passau	2,015.17	192,150.50	30-Dec-10	None	172,650.00
KOEPA Fleischwaren	Passau	69.45	25,566.50	31-Mar-10	None	25,000.00
ITO Reise GmbH	Passau	60.16	7,940.50	28-Feb-13	None	6,500.00
Street One	Passau	77.60	13,740.50	31-Mar-14	None	13,600.00
RBO Regionalbus Ostbayern GmbH	Passau	121.24	8,368.00	28-Feb-10	None	7,250.00
Dr.Dr. Hubert Grau, Dr. Dr. Wolfgang Weber	Passau	182.24	18,835.00	30-Sep-08	None	17,500.00
Walter Simon	Passau	19.17	1,150.00	31-Dec-05	None	1,150.00
Dres. Gerhard un Antoinette Gassenmeier	Passau	98.11	11,400.00	31-Aug-06	None	9,400.00
Centermana	Passau	49.82	4,585.50	31-Dec-08	None	4,185.00

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Hans Nowack	Passau	32.86	3,024.00	31-Dec-21	None	1,970.00
Hanns Stefaniwicz und Silke Hasenoehrl	Passau	121.03	6,680.50	31-Jul-23	None	7,250.00
Werbegemeinschaft Donaupassage Passau GbR	Passau	79.34	512.50	30-Nov-19	None	2,380.00
Istvan Rekay	Passau	12.05	1,196.50	30-Jun-13	None	1,010.00
Caroline Renz	Passau	23.15	1,416.00	31-Oct-19	None	1,945.00
Birgit Braun-Maehlmann	Passau	12.98	1,196.50	30-Apr-16	None	1,090.00
Max Mayer	Passau	13.00	1,200.00	30-Jun-19	None	1,090.00
Rupert Paintmayer	Passau	13.00	1,200.00	31-Oct-19	None	1,090.00
Anna-Lena Fischer	Passau	12.98	1,200.00	30-Nov-19	None	1,090.00
Rosa Maria Martinez Gomez	Passau	13.15	1,200.00	29-Feb-20	None	1,105.00
Rebecca Geier	Passau	13.17	1,200.00	31-Oct-19	None	1,105.00
Johanna Mueller	Passau	12.60	1,200.00	31-Oct-18	None	1,060.00
Rajiv Malhotra	Passau	12.60	1,200.00	30-Sep-19	None	1,060.00
Helmut Greindl	Passau	42.25	1,764.00	29-Feb-08	None	2,030.00
Schmukparadies in der Donaupassage Passau	Passau	25.20	1,312.50	30-Apr-08	None	2,115.00
Michael Wolf	Passau	23.04	1,656.00	31-Oct-17	None	1,935.00
Anton Koller	Passau	29.80	1,860.00	30-Sep-18	None	2,505.00
Henning Gutttau	Passau	31.52	1,920.00	30-Sep-18	None	2,650.00
Axel und Juliane Hilger	Passau	41.05	2,100.00	31-Mar-19	None	3,450.00
Parkhaus am Bahnhof Betriebs GmbH	Passau	5,550.00	116,436.00	14-Mar-08	None	99,900.00
Franz Lang	Passau	0.00	76.50	30-Apr-14	None	72.00
Josef Barth	Passau	0.00	76.50	30-Apr-14	None	72.00
CSS Interc	Passau	3,834.31	414,470.50	30-Jun-08	None	460,100.00
CSS Interc	Passau	200.86	33,155.50	30-Jun-08	None	24,100.00
Sita Grund	Passau	0.00	0.00	31-Dec-05	None	0.00
Allianz CE	Passau	27.40	2,018.50	14-Mar-08	None	2,300.00
ITO Reise GmbH	Passau	0.00	180.00	30-Sep-09	None	180.00
Waschmasch	Passau	0.00	0.00	14-Mar-08	None	0.00
Sondereinn	Passau	0.00	0.00	31-Jan-05	None	0.00
Spardabank	Passau	135.74	32,576.50	30-Oct-08	None	32,600.00
Media Markt	Backnang	1,023.50	92,032.50	31-Dec-09	None	92,100.00
Media Markt	Fellbach	1,539.00	154,702.50	15-Sep-12	None	157,000.00
Roller	Freiburg	5,640.00	445,982.00	31-Dec-14	None	458,200.00
McDonalds	Freiburg	1,350.00	116,846.00	31-Dec-14	None	109,650.00
Toom Baumarkt	Retail Warehouses Achen Stolberg	1,740.00	144,870.50	31-May-10	None	167,050.00
Total:		282,705.82	24,182,883.00			31,331,447.50

NAWON LOAN



Loan Information		Property Information	
Cut-Off Date Balance:	€105,489,576	Single Asset/Portfolio:	Portfolio (63 Properties)
First Payment Date:	16 July 2006	Property Type:	Residential – multi-family
Loan Purpose:	Acquisition for investment	Location:	Germany
Interest Rate:	Fixed	NR Sq. M.:	234,792
Hedging at Lender Level:	Yes	Type of Ownership:	62.5% Freehold, 37.5% Leasehold*
Maturity Date:	4 October 2010	Property Management:	Givag Immobiliengesellschaft mbH
Borrower:	Nawon Groep	Gross Income:	€12,110,505
Interest Calculation:	1.40% plus a fixed rate of 3.27% plus a mandatory cost (if any)	Expenses:	€2,172,824
Amortisation:	Scheduled	Net Rental Income:	€9,937,681
Cut-off LTV:	78.0%	Initial Value:	€160,000,000
Loan Maturity Date LTV:	70.0%	Initial Valuation Date:	20 April 2005
ICR:	1.81	Initial Valuation Firm:	CB Richard Ellis
DSCR:	1.26	Loan per Sq. M.:	449.29
Prepayment Penalties:	0 – 1st year: 1.5% 1st – 2nd year: 1.25% 2nd – 3rd year: 1.00% 3rd – 4th year: 0.75%	Expected/Estimated Rental Value:	15,429,110
		Vacancy Rate:	6.7%
		Weighted Average Lease Term:	N/A

* Consisting of both absolute ownership and hereditary building rights.

The Loan

This loan (the “Nawon Loan”) was originated by Citibank International plc pursuant to an amended and restated facility agreement dated 3 June 2005 and is secured by, *inter alia*, (i) land charges and assignment of claims to return of land charges over the Nawon Property under German law subject to prior ranking land charges (*Grundschulden*), mortgages (*Hypotheken*) and financial charges

(Reallasten) (if any) in connection with public loans and subsidies only; (ii) a share pledge over the entire issued share capital of the Nawon Borrower under Dutch law; (iii) pledges over certain bank accounts of the Nawon Borrower (as defined below) located in the Federal Republic of Germany under German law; (iv) a pledge of insurance receivables in connection with the Nawon Property (as defined below) under Dutch law; and (v) an assignment of all claims of the Nawon Borrower against third parties in connection with the Nawon Loan under German law. The Nawon Borrower's obligations are also guaranteed by the Nawon Parent (as defined below).

For further information, refer to the section “*Enforcement Procedures*”.

Nawon Whole Loan

The Nawon Loan represents a portion of the full amount of the loan (the “Nawon Whole Loan”). The First Seller is selling the portion of the drawn facilities of the Nawon Whole Loan to the Issuer on the Issue Date and the portion of the undrawn facilities has been cancelled prior to the Issue Date.

The Nawon Whole Loan is made up of four facilities, of which two facilities, Facility 1A and Facility 2A constituting the Nawon Loan, have been utilised for the purchase of the Nawon Properties. The other facilities, Facility 1B and 2B, have never been utilised and have prior to the Issue Date been cancelled.

The interest rate of the Nawon Loan is the sum of (i) 1.40 per cent. per annum plus (ii) a rate calculated and notified to the Nawon Borrower on each drawdown date, which has been determined to be 3.226% for the two drawn facilities plus (iii) a mandatory cost (if any) for the compliance with the requirements of the Financial Services Authority and the European Central Bank to be calculated on the first day of each interest period.

The Nawon Borrower has not entered into any swap agreements in relation to the Nawon Loan. Under the terms of the Nawon Loan, the Nawon Borrower has to indemnify the First Seller certain costs and expenses to the swap counterparty, including breakage costs if the First Seller enters into any hedging arrangement in relation to the Nawon Loan.

The interest rate on the Nawon Loan is payable at a fixed rate. Citibank International plc has entered into an interest rate swap agreement (the “Nawon Swap Agreement”) with Citibank, N.A., London Branch that requires (a) Citibank International plc to pay to Citibank, N.A., London Branch a fixed rate of 3.226 per cent. and (b) Citibank, N.A., London Branch to pay to Citibank International plc an amount calculated by reference to a three months EURIBOR rate on a notional amount equal to the scheduled amortisation of the principal amount of the Nawon Loan. The Nawon Swap Agreement will be transferred by novation to the Issuer to form a Fixed /Floating Swap transaction between the Issuer and the Swap Counterparty. In the event of any repayment in excess of the amortisation schedule, this will effectively result in a partial termination of the relevant Fixed/Floating Swap Transaction and there may be a termination payment due from the Issuer to the Swap Counterparty. The mark to market value of the Nawon Swap Agreement at the date of this Prospectus was approximately €2,334,646 in favour of Citibank International plc.

The Nawon Borrower undertakes to maintain the following loan to value:

Period	Loan to Value
Date of drawdown to second anniversary	< 85%
Second anniversary to fourth anniversary	< 80%
Fourth anniversary to repayment date	< 75%

The Nawon Borrower undertakes to maintain the following interest cover ratios (to be calculated in accordance with the Nawon Loan) on each interest payment date before the period specified below:

Period	Interest Cover Ratio
Up to second anniversary	>170%
Second anniversary to fourth anniversary	>180%
Fourth anniversary to repayment date	>190%

The aggregate amortisation schedules in respect of both of the drawn facilities are as follows:

Date	Amortisation	Closing Balance
April 2006	555,000	105,489,576
July 2006	555,000	104,934,576
October 2006	555,000	104,379,576
January 2007	605,000	103,774,576
April 2007	605,000	103,169,576
July 2007	665,000	102,504,576
October 2007	665,000	101,839,576
January 2008	665,000	101,174,576
April 2008	665,000	100,509,576
July 2008	715,000	99,794,576
October 2008	715,000	99,079,576
January 2009	715,000	98,364,576
April 2009	740,000	97,624,576
July 2009	800,000	96,824,576
October 2009	800,000	96,024,576
January 2010	800,000	95,224,576
April 2010	845,000	94,379,576
July 2010	845,000	93,534,576
October 2010	93,534,576	0

The Borrower

The borrower under the Nawon Loan, Nawon International Estates B.V., is a private limited liability company incorporated under the laws of the Netherlands (the “Nawon Borrower”). It is legally represented by its managing director Nationaal Woning Bezit Groep B.V. (the “Nawon Managing Director”). The principal activities of the Nawon Borrower are to acquire and manage properties for investment purposes.

The entire share capital of the Nawon Borrower is owned by Nawon International Estates Holding B.V., (the “Nawon Parent”) which is wholly owned by the Nawon Managing Director.

The Property

The property is a portfolio of 63 properties consisting of residential flats (let to over 3300 tenants) located in Kaiserslautern, Bonn, Freiburg, Aachen, Cologne, Eschweiler, Grevenbroich, Moers and Würselen in Germany (the “Nawon Property”).

Hereditary Building Right

In many cases, the Nawon Borrower is not the owner of the land but the beneficiary (the “HBR Holder”) of a hereditary building right (the “HBR”) to the Nawon Property. An HBR is an encumbrance over the land granted by the landowner in favour of the HBR Holder and is registrable at the land registry. The HBR Holder has the right to use the land and to own a building on or below the surface of the land. Buildings constructed in exercise of a HBR are property of the HBR Holder, whereas the land remains the landowner’s property. The HBR is limited in time and the HBR Holder is obliged to pay a recurring HBR interest to the landowner for the duration of the HBR. The transfer and the encumbrance of HBR are subject to statutory provisions. Such transfer or encumbrance are generally treated like absolute ownership and usually require the landowner’s consent. It is also common for a landowner to have a right to reversion under certain circumstances, and in these circumstances the landowner is obliged to pay a compensation to the HBR Holder for buildings erected in exercise of the HBR upon termination of the HBR. The HBR Holder also has a pre-emption right in case of transfer of the land by the landowner.

Public Encumbrances

Some of the flats are subject to public encumbrances connected to the governmental promotion of development (*öffentliche Förderung*). The governmental promotion of development is usually granted in the form of loans or non-repayable subsidies to finance the purchase of the properties. Such properties are subject to restrictions such as occupancy rights, rights to name tenants in favour of the

relevant city or permissible rental levels. In particular, social housing regulations (*Wohnungsbindungsgesetz and Neubaumietenverordnung*) provide that rent level should not exceed the lessor's regular expenses (*Kostenmiete*). A lessor is thus entitled to increase the rent subject to a legal maximum. Also, in some cases, publicly funded residential flats may only be let to qualified individuals as determined by the welfare authorities.

Property Management

The Nawon Property is managed by Givag Immobiliengesellschaft mbH in relation to day-to-day management of the properties pursuant to a management agreement (the "Givag Management Agreement"). In addition, the Nawon Borrower, the Nawon Parent and the Nawon Managing Director have entered into a management agreement (the "Nawon Management Agreement") whereby the Nawon Managing Director guarantees the fulfilment of the Nawon Borrower's obligations under the Givag Management Agreement. The Givag Management Agreement is for a term of 12 months and is automatically renewed for a further term within 4 years of the physical transfer (*Übergabe*) of the Nawon Property and the Nawon Management Agreement is for a term of five years and is automatically renewed for 2 years upon expiration.

Under the terms of the Nawon Loan, the Nawon Borrower may not appoint any managing agent without the prior consent of the lender and such managing agent has to enter into a duty of care agreement.

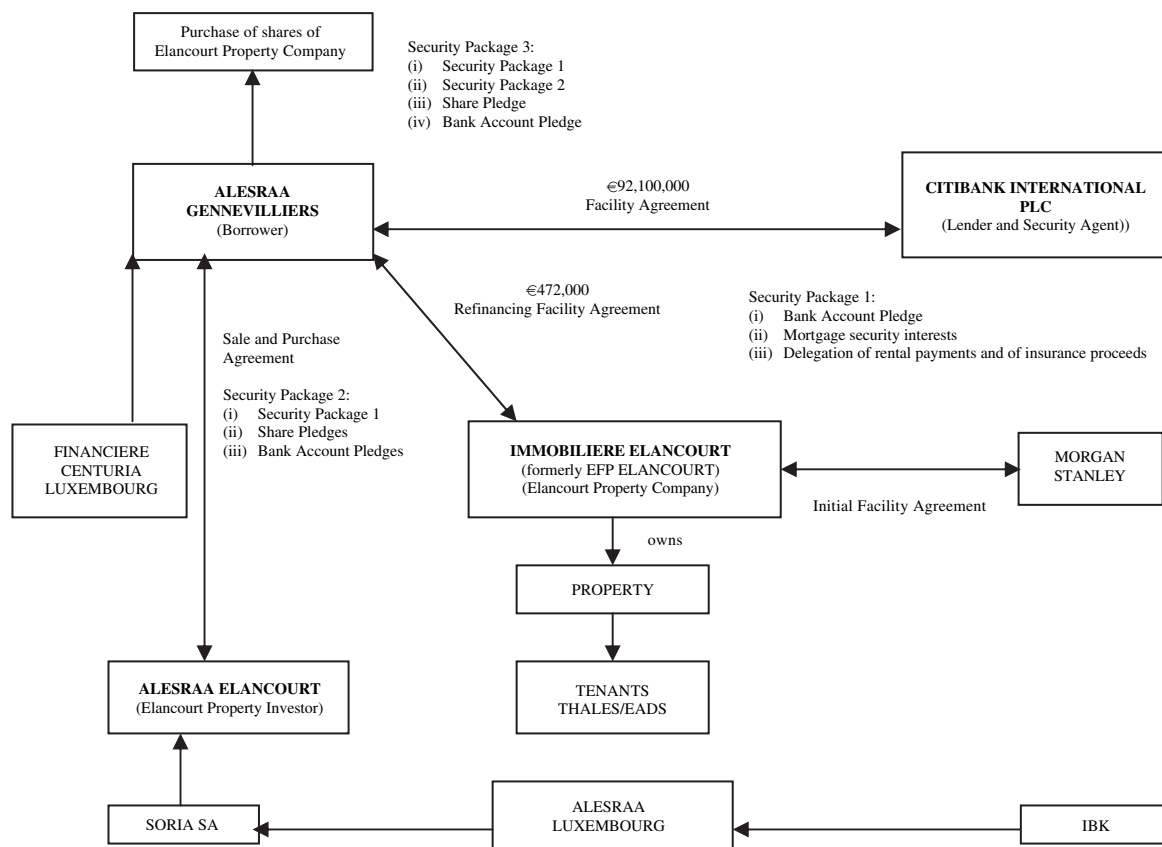
Mezzanine Facility

In addition to the Nawon Whole Loan, Investec Bank (UK) Limited (the "Nawon Mezzanine Lender") provided a mezzanine facility of €14,781,750 to the Nawon Borrower for the acquisition of the Nawon Property pursuant to a mezzanine facility agreement (the "Nawon Mezzanine Facility"). The Nawon Borrower, the First Seller, the Nawon Mezzanine Lender and other parties entered into an intercreditor deed pursuant to which the relationship and priority between the First Seller and the Nawon Mezzanine Lender are regulated and the Nawon Whole Loan ranks in priority to the Nawon Mezzanine Facility.

The table below sets out some details in relation to the Nawon Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
Auf der Hörn u.a	Auf der Hörn u.a	Germany	3,600,000.00	3,000,000.00	Residential – multi family
Kronenberg 104-120	Kronenberg 104-120	Germany	2,500,000.00	2,100,000.00	Residential – multi family
Melatener Strasse 102-122	Melatener Strasse 102-122	Germany	4,400,000.00	3,720,000.00	Residential – multi family
Kronenberg 122-126	Kronenberg 122-126	Germany	800,000.00	550,000.00	Residential – multi family
Kronenberg 128-130	Kronenberg 128-130	Germany	500,000.00	365,000.00	Residential – multi family
Kruppstrasse 30-36 u.a.	Kruppstrasse 30-36 u.a.	Germany	2,700,000.00	2,290,000.00	Residential – multi family
Brüggemannstrasse 15-21 u.a.	Brüggemannstrasse 15-21 u.a.	Germany	2,700,000.00	2,200,000.00	Residential – multi family
Annuntiatenbach 27 u.a.	Annuntiatenbach 27 u.a.	Germany	4,500,000.00	3,600,000.00	Residential – multi family
Judengasse 8 u.a.	Judengasse 8 u.a.	Germany	1,500,000.00	1,200,000.00	Residential – multi family
Brüggemannstrasse 5 u.a.	Brüggemannstrasse 5 u.a.	Germany	1,150,000.00	885,000.00	Residential – multi family
Luisenstrasse 1-3	Luisenstrasse 1-3	Germany	825,000.00	680,000.00	Residential – multi family
Kuckhoffstrasse 7-15	Kuckhoffstrasse 7-15	Germany	1,300,000.00	1,000,000.00	Residential – multi family
Kuckhoffstrasse 19-23	Kuckhoffstrasse 19-23	Germany	925,000.00	770,000.00	Residential – multi family
Jakobstrasse 156-158	Jakobstrasse 156-158	Germany	425,000.00	350,000.00	Residential – multi family
Altenberger Str 2, Reimser Str 45-47	Altenberger Str 2, Reimser Str 45-47	Germany	5,300,000.00	4,290,000.00	Residential – multi family
Reimser Str. 62-66 Walhorer Str 2-16	Reimser Str. 62-66 Walhorer Str 2-16	Germany	3,450,000.00	2,820,000.00	Residential – multi family
Kelmiser Str 1,2,4	Kelmiser Str 1,2,4	Germany	4,400,000.00	3,295,000.00	Residential – multi family
Altenberger Straße 4, 1-15	Altenberger Straße 4, 1-15	Germany	6,200,000.00	4,845,000.00	Residential – multi family
Reimser Straße 84	Reimser Straße 84	Germany	1,650,000.00	1,350,000.00	Residential – multi family
Walhorer Straße 13-17,20	Walhorer Straße 13-17,20	Germany	1,450,000.00	1,180,000.00	Residential – multi family
Reimser Straße 74-76 + 80	Reimser Straße 74-76 + 80	Germany	1,800,000.00	1,540,000.00	Residential – multi family
Reimser Straße 54	Reimser Straße 54	Germany	425,000.00	335,000.00	Residential – multi family
Reimser Straße 56	Reimser Straße 56	Germany	400,000.00	330,000.00	Residential – multi family
Walhorer Straße 1-1b	Walhorer Straße 1-1b	Germany	1,550,000.00	1,280,000.00	Residential – multi family
Reimser Straße 49-51	Reimser Straße 49-51	Germany	900,000.00	700,000.00	Residential – multi family
Fliederstrasse 29, Jasminstrasse 1	Fliederstrasse 29, Jasminstrasse 1	Germany	375,000.00	315,000.00	Residential – multi family
Memelweg 2-6 / Riesengebirgstrasse 1-7	Memelweg 2-6 / Riesengebirgstrasse 1-7	Germany	8,800,000.00	5,975,000.00	Residential – multi family
Bunzlauerweg 1-4 / Riesengebirgstrasse 2-4	Bunzlauerweg 1-4 / Riesengebirgstrasse 2-4	Germany	11,900,000.00	10,240,000.00	Residential – multi family
Vom-Rath-Str 11-19 21-27; Von-Droste-Str 39-51	Vom-Rath-Str 11-19 21-27; Von-Droste-Str 39-51	Germany	13,500,000.00	10,750,000.00	Residential – multi family
Landwehrstrasse 32-34	Landwehrstrasse 32-34	Germany	1,025,000.00	870,000.00	Residential – multi family
Eduard Morikestrasse/Sternheimerstrasse	Eduard Morikestrasse/Sternheimerstrasse	Germany	250,000.00	170,000.00	Residential – multi family
Eduard Morikestrasse 14-16	Eduard Morikestrasse 14-16	Germany	200,000.00	150,000.00	Residential – multi family
Indestrasse 7-11	Indestrasse 7-11	Germany	925,000.00	790,000.00	Residential – multi family
Feldstrasse 44	Feldstrasse 44	Germany	325,000.00	275,000.00	Residential – multi family
Fischerstrasse 67-81	Fischerstrasse 67-81	Germany	1,800,000.00	1,450,000.00	Residential – multi family
Eichendorfstrasse 23-27	Eichendorfstrasse 23-27	Germany	700,000.00	585,000.00	Residential – multi family
Fischerstrasse 83-89	Fischerstrasse 83-89	Germany	950,000.00	760,000.00	Residential – multi family
Indestrasse 13-17	Indestrasse 13-17	Germany	950,000.00	770,000.00	Residential – multi family
Indestrasse 33-43	Indestrasse 33-43	Germany	1,500,000.00	1,200,000.00	Residential – multi family
Indestrasse 1-5	Indestrasse 1-5	Germany	950,000.00	790,000.00	Residential – multi family
Königsbergerstrasse 1	Königsbergerstrasse 1	Germany	1,500,000.00	1,280,000.00	Residential – multi family
Indestrasse 25-29	Indestrasse 25-29	Germany	1,000,000.00	790,000.00	Residential – multi family
Eichendorfstrasse 29-33	Eichendorfstrasse 29-33	Germany	1,900,000.00	1,530,000.00	Residential – multi family
Eichendorfstrasse 35-37	Eichendorfstrasse 35-37	Germany	700,000.00	600,000.00	Residential – multi family
Indestrasse 19-23	Indestrasse 19-23	Germany	1,000,000.00	820,000.00	Residential – multi family
Eduard Morikestrasse 4 C-D	Eduard Morikestrasse 4 C-D	Germany	1,200,000.00	1,100,000.00	Residential – multi family
Eduard Morikestrasse 4 A-B	Eduard Morikestrasse 4 A-B	Germany	950,000.00	795,000.00	Residential – multi family
Krozinger Strasse 21-25	Krozinger Strasse 21-25	Germany	10,400,000.00	7,570,000.00	Residential – multi family
Krozinger Strasse 15-19	Krozinger Strasse 15-19	Germany	4,700,000.00	3,150,000.00	Residential – multi family
Marienburger Strasse 1-15, 2-8	Marienburger Strasse 1-15, 2-8	Germany	9,200,000.00	6,975,000.00	Residential – multi family
Marienburger Strasse 1-15, 2-8	Marienburger Strasse 1-15, 2-8	Germany	250,000.00	0.00	Car parking
Posener Strasse 1, u.a.	Posener Strasse 1, u.a.	Germany	9,300,000.00	7,130,000.00	Residential – multi family
Posener Strasse 1, u.a.	Posener Strasse 1, u.a.	Germany	300,000.00	0.00	Residential – multi family
Königsberger Strasse 3, u.a.	Königsberger Strasse 3, u.a.	Germany	5,800,000.00	4,425,000.00	Residential – multi family
Königsberger Strasse 11	Königsberger Strasse 11	Germany	1,400,000.00	0.00	Car Parking
Johann Classenstrasse/Thumbstrasse	Johann Classenstrasse/Thumbstrasse	Germany	3,500,000.00	2,830,000.00	Residential – multi family
Buchforststrasse 21,25	Buchforststrasse 21,25	Germany	375,000.00	315,000.00	Residential – multi family
Vereinstrasse 20	Vereinstrasse 20	Germany	500,000.00	410,000.00	Residential – multi family
Greefstrasse 2	Greefstrasse 2	Germany	1,050,000.00	850,000.00	Residential – multi family
Neustrasse 6-8	Neustrasse 6-8	Germany	1,100,000.00	930,000.00	Residential – multi family
Goulaystrasse 70	Goulaystrasse 70	Germany	625,000.00	540,000.00	Residential – multi family
Goulaystrasse 54 / Morsbacherstrasse 117	Goulaystrasse 54 / Morsbacherstrasse 117	Germany	550,000.00	465,000.00	Residential – multi family
Goulaystrasse 104-110	Goulaystrasse 104-110	Germany	3,200,000.00	2,730,000.00	Residential – multi family
			Total: 160,000,000.00	125,000,000.00	

ELANCOURT LOAN



Loan Information		Property Information	
Cut-Off Date Balance*:	€73,450,000	Single Asset/Portfolio:	Single Asset
First Payment Date:	16 July 2006	Property Type:	Office
Loan Purpose:	Acquisition for investment	Location:	France
Interest Rate:	Floating	NR Sq. M.:	80,527 Sq. Mt.
Hedging at Lender Level:	No	Type of Ownership:	Freehold
Maturity Date:	10 February 2011	Property Management:	Centuria Real Estate Management S.A.S.
Borrower:	Alesraa Gennevilliers	Gross Income:	€8,500,000
Interest Calculation:	1.40% plus 3-month EURIBOR plus mandatory costs (if any)	Expenses:	0
Amortisation:	€1,000,000 in first year (interest only thereafter)	Net Rental Income:	€8,500,000
Cut-Off LTV:	62.7%	Initial Value:	€117,110,000
Loan Maturity Date LTV:	61.9%	Initial Valuation Date:	1 January 2006
ICR:	2.62	Initial Valuation Firm:	CB Richard Ellis Valuation
DSCR:	2.00	Loan per Sq. M.:	€912.12
Prepayment Penalties:	0 – 1st year: 1.00% 1st – 2nd year: 0.75% 2nd – 3rd year: 0.50% none thereafter	Expected/Estimated Rental Value:	€9,986,718
		Vacancy Rate:	0.0%
		Weighted Average Lease Term:	23 Oct 2014

* In determining such balance, only 79.75 per cent. of the Elancourt Loan is included as this represents the initial principal amount of the FCC Class A1 Notes to be acquired by the Issuer on the Issue Date.

Elancourt Whole Transaction

The loan (the “Elancourt Loan”) is a part of a larger Islamic finance transaction (but the Elancourt Loan is not itself an Islamic law compliant transaction).

The Elancourt Loan was granted by Citibank International plc (the “Elancourt Lender”) to Alesraa Gennevilliers (the “Elancourt Borrower”) to (i) purchase the shares of Immobilière Elancourt (the “Elancourt Property Company”) and (ii) refinance the existing debt of the Elancourt Company. The Elancourt Borrower entered into (i) a purchase agreement relating to the Elancourt Property Company’s shares with the initial owner Euro Real Estate Properties Sàrl and (ii) an inter-company loan to the Elancourt Property Company (the “Elancourt Inter-company Loan”) to refinance the first loan granted by Morgan Stanley to purchase the property (the “Elancourt Property”).

Contemporaneously, Alesraa Elancourt (the “Elancourt Property Investor”), entered into a sale and purchase agreement with the Elancourt Borrower (the “Elancourt Sale and Purchase Agreement”) to purchase the Elancourt Property Company’s shares and the Elancourt Inter-company Loan. Under the Elancourt Sale and Purchase Agreement it was agreed that the purchase price would be paid on a deferred basis by the Elancourt Property Investor to the Elancourt Borrower. The Elancourt Property Investor therefore pledged its claims against the Elancourt Property Company to the Elancourt Borrower together with the relevant Related Security. Pursuant to the Elancourt Loan, the Elancourt Borrower assigned to the Elancourt Lender all claims and connected security against the Elancourt Property Company and the Elancourt Property Investor.

The rights and obligations of the parties are regulated by a subordination agreement between, *inter alios*, the Elancourt Borrower, the Elancourt Property Company and the Elancourt Lender on 10 February 2006 (the “Elancourt Subordination Agreement”). The Elancourt Subordination Agreement provides that any debt owed to the Elancourt Lender or to Citibank, N.A., London Branch under the Elancourt Loan or the swap and cap agreements (as described below) will rank senior to any other debt owed by the Elancourt Borrower under the sale and purchase agreement or under any subordinated loan, if any.

The Loan

The Elancourt Loan was originated by Citibank International plc pursuant to a facility agreement dated 9 February 2006 entered into between, *inter alios*, the Elancourt Lender and the Elancourt Borrower. The Elancourt Loan is directly or indirectly secured by, *inter alios*, (i) first-ranking mortgage security over the Elancourt Property, (ii) share pledges over the issued share capital of the Elancourt Borrower, the Elancourt Property Company and the Elancourt Property Investor (together the “Elancourt Borrowers”), (iii) pledges over certain bank accounts of the Elancourt Borrowers, (iv) assignments of insurance policies (*délégation*) in connection with the Elancourt Property, (v) assignments of the claims under the sale and purchase agreements in connection with the Elancourt Property, (vi) assignments of the claims (*délégation*) under the lease agreements in connection with the Elancourt Property; all of which are governed by French law.

For further information, refer to the section “*Enforcement Procedures*”.

The interest rate of the Elancourt Loan is the sum of (i) 1.40 per cent. per annum plus (ii) 3 Month EURIBOR and (iii) mandatory costs (if any) for the compliance with the requirements of the relevant regulatory authorities to be calculated on the first day of each interest period.

The Borrower has entered into an interest swap agreement governed by the ISDA Master Agreement with Citibank, N.A., London Branch dated 13 February 2006 pursuant to which the Borrower undertakes to pay an amount calculated on a fixed interest rate of 3.565 per cent. and Citibank, N.A., London Branch undertakes to pay an amount calculated on a floating rate (3 month EURIBOR). The mark to market value of such swap agreement at the date of this Prospectus was approximately €1,012,167 in favour of the Elancourt Borrower. The Borrower has also entered into a rate cap agreement governed by the ISDA Master Agreement with Citibank, N.A., London Branch dated 9 February 2006 with a cap rate of 5.20 per cent.

The Borrower has undertaken (i) to ensure that the loan to value in respect of the Elancourt Loan does not exceed 79 per cent. and (ii) to maintain an interest cover ratio (to be calculated in accordance with the Elancourt Loan) of 185 per cent.

The Borrower has undertaken to repay the Elancourt Loan by instalments as follows*:

Date	Amortisation (€)	Closing Balance (€)
April 2006	0	73,450,000
July 2006	0	73,450,000
October 2006	0	73,450,000
January 2007	330,000	73,120,000
April 2007	0	73,120,000
July 2007	0	73,120,000
October 2007	0	73,120,000
January 2008	330,000	72,790,000
April 2008	0	72,790,000
July 2008	0	72,790,000
October 2008	0	72,790,000
January 2009	340,000	72,450,000
April 2009	0	72,450,000
July 2009	0	72,450,000
October 2009	0	72,450,000
January 2010	0	72,450,000
April 2010	0	72,450,000
July 2010	0	72,450,000
October 2010	0	72,450,000
January 2011	0	72,450,000
February 2011	72,450,000	0

* In determining the amounts in the table below, only 79.75 per cent. of the Elancourt Loan is included as this represents the initial principal amount of the FCC Class A1 Notes to be acquired by the Issuer on the Issue Date.

The Borrower

The Elancourt Borrower is a limited liability company (*société à responsabilité limitée*) incorporated in France whose principal activities are to acquire and hold properties. It is an indirect subsidiary of Dexia Banque (up to 33.33 per cent.) and a direct subsidiary of Financière Centuria Luxembourg, a limited liability company formed under the laws of Luxembourg.

The Property

The Elancourt Property is a single asset of a commercial use property located in France. The Elancourt Property is held freehold and is let to two tenants being (i) Thalès for a fixed term of 9 years from 1 January 2002 to 31 December 2010 (which may be terminated in December 2007) and (ii) EADS for a fixed term of 9 years from 31 January 2006 to 30 January 2016.

Major Tenants	Rent (€)	% of Total Rent
EADS	6,375,000	75.0
Thales S.A.	2,125,000	25.0

Property Management

The Elancourt Property is managed by Centuria Real Estate Management S.A.S. (the “Elancourt Property Manager”) pursuant to a property management agreement dated 9 February 2006 (the “Elancourt Management Agreement”).

The Property Manager, the Elancourt Property Company and the Elancourt Lender entered into a duty of care agreement (the “Elancourt Duty of Care Agreement”) on 10 February 2006 pursuant to which the Elancourt Property Manager undertakes to provide the Elancourt Lender with any relevant information and to exercise all the proper skill, care and diligence in its performance of the Elancourt Management Agreement.

Under the terms of the Elancourt Loan, the Elancourt Lender may require the Elancourt Borrower to appoint a new property manager on terms approved by the Elancourt Lender (acting in a reasonable

manner). The Elancourt Borrower may (i) terminate the Elancourt Management Agreement upon 30 days' notice if (a) the Elancourt Property Manager is in default of its obligations under the Elancourt Duty of Care Agreement or (b) ceases to exist or is subject to an insolvency proceeding, and (ii) appoint any new property manager subject to the Elancourt Lender's prior consent. The Elancourt Borrower has agreed to use its best efforts to enter into a new duty of care agreement with any such new property manager.

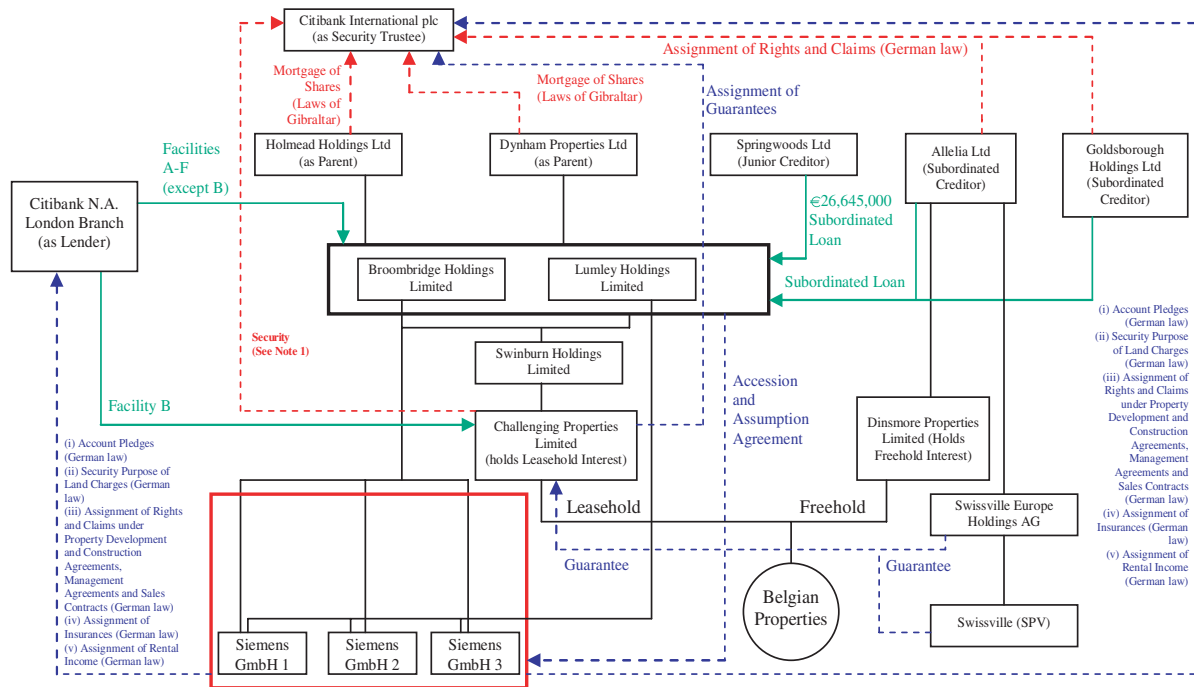
The table below sets out some details in relation to the Elancourt Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
1 Boulevard Jean Moulin, ZAC de la Clef Saint-Pierre	1 Boulevard Jean Moulin, ZAC de la Clef Saint-Pierre	France	117,110,000.00	79,640,000.00	Office

The table below sets out some details in relation to the tenants of the Elancourt Property:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
EADS	1 Boulevard Jean Moulin, ZAC de la Clef Saint-Pierre	60,395.00	6,375,000.00	30-Jan-16	None	7,490,055.00
Thales S.A.	1 Boulevard Jean Moulin, ZAC de la Clef Saint-Pierre	20,132.00	2,125,000.00	31-Dec-10	None	2,496,663.00
Total:		80,527.00	8,500,000.00			9,986,718.00

NIBELUNG LOAN



Note 1:

- (1) Leasehold Co Mortgage (Belgian law)
- (2) Leasehold Co English Security Agreement (English Law)
- (3) Leasehold Co Belgian Account Charge (Belgian Law)
- (4) Belgian Pledge of Receivables by Leasehold Co
- (5) Land Charges (German law)
- (6) Assignment of Rights and Claims under Acquisition Documents (German law)
- (7) Assignment of Rights and Claims under Property Development and Construction Agreements and Sales Contracts (German law)
- (8) Swinburn Mortgage of Shares by Broombridge and Lumley (Gibraltar law)
- (9) German Share Pledge Agreements in German Borrowers

Loan Information		Property Information	
Cut-Off Date Balance:	€71,174,537	Single Asset/Portfolio:	Portfolio (7 properties)
First Payment Date:	16 July 2006	Property Type:	Office
Loan Purpose:	Acquisition for investment	Location:	Belgium, Germany
Interest Rate:	Fixed	NR Sq. M.:	100,418
Hedging at Lender Level:	Yes	Type of Ownership:	Freehold
Maturity Date:	25 January 2011	Property Management:	Mayfield Asset and Property Management Limited
Borrowers:	Broombridge Holdings Ltd (“Broombridge”), Lumley Holdings Ltd (“Lumley”), Challenging Properties Limited (“Challenging”)	Gross Income:	€5,985,130
Interest Calculation:	1.95% plus a fixed rate of 3.32% plus a mandatory cost (if any)	Expenses:	N/A
Amortisation:	Scheduled*	Net Rental Income:	€5,985,130
Cut-Off LTV:	86.4%	Initial Value:	€82,425,000

* Sized on full cash sweep projections

Loan Information		Property Information	
Loan Maturity Date LTV:	76.3%	Initial Valuation Date:	9 January 2006
ICR:	1.59	Initial Valuation Firm:	Colliers CRE
DSCR:	1.07	Loan per Sq. M.:	€708.78
Prepayment Penalties:	0 – 1st year: 1.00% 1st – 2nd year: 0.75% 2nd – 3rd year: 0.50% 3rd year onwards: 0.25%	Expected/Estimated Rental Value:	€6,776,763
		Vacancy Rate:	4.9%
		Weighted Average Lease Term:	2 May 2009

The Loan

This loan (the “Nibelung Loan”) was originated by Citibank, N.A., London Branch pursuant to a facility agreement dated 26 January 2006.

The Nibelung Loan is secured by, *inter alia*, (i) first ranking land charges over the German Nibelung Property and the security purpose of the land charges under German law; a first ranking mortgage over the leasehold interest in the Belgian Nibelung Property by virtue of a mortgage deed; (ii) mortgages of shares over the issued share capital of the Nibelung Borrowers or parent of the Nibelung Borrowers under Gibraltar or German law (as applicable); (iii) pledges over certain bank accounts of the Nibelung Borrowers under German or Belgian law (as applicable); (iv) charge over certain bank accounts of Challenging under English law; (v) assignments of insurances in connection with the Nibelung Property under German law; (vi) assignments of rights and claims of the Nibelung Borrower under, *inter alia*, certain property development and construction agreements, management agreements, sale contracts under German law; (vii) assignments of rights and claims of the Nibelung Borrower under certain acquisition documents under German law; (viii) assignments of rental income in connection with the Nibelung Property under German law; and (ix) pledge over commercial receivables in connection with the Nibelung Property under Belgian law.

For further information, refer to the section “*Enforcement Procedures*”.

Under the Nibelung Loan, six facilities were made available to the Nibelung Borrowers, each for a specified purpose. Five of the six facilities were made available to Broombridge and Lumley in equal proportion for the acquisition (the “Acquisition”) of shares in three companies (the “Siemens GmbHs”). One facility was made available to Challenging. Pursuant to the Acquisition, Broombridge and Lumley assigned their rights and obligations under three of the six facilities to the Siemens GmbHs. Therefore the borrowers under the Nibelung Loan are Broombridge, Lumley, Challenging and the Siemens GmbHs. (See section “ – *The Borrowers*” below for more details.)

The interest rate of the Nibelung Loan is the sum of (i) 1.95 per cent. per annum plus (ii) a fixed rate, which has been determined to be 3.323 per cent. plus (iii) a mandatory cost (if any) for the compliance with the requirements of the relevant regulatory authorities to be calculated on the first day of each interest period.

The Nibelung Borrower has not entered into any swap agreements in relation to the Nibelung Loan.

The interest rate on the Nibelung Loan is payable at a fixed rate. The Issuer will enter into an interest rate swap agreement on off market terms with the Swap Counterparty (a Fixed/Floating Swap Transaction) that requires (a) the Issuer to pay to the Swap Counterparty a fixed rate of 3.323 per cent. and (b) the Swap Counterparty to pay to the Issuer an amount calculated by reference to a three months EURIBOR rate on a notional amount equal to the scheduled amortisation of the principal amount of the Nibelung Loan. In the event of any repayment in excess of the amortisation schedule, this will effectively result in a partial termination of the relevant Fixed/Floating Swap Transaction and there may be a termination payment due from the Issuer to the Swap Counterparty. The mark to market value of such Fixed/Floating Swap Transaction at the date of this Prospectus was approximately €1,433,769 in favour of the Issuer.

The Nibelung Borrower undertakes to maintain the following loan to value:

Period	Loan to Value
Date of drawdown to second anniversary	< 87%
Second anniversary to fourth anniversary	< 80%
Fourth anniversary to repayment date	< 75%

The Nibelung Borrower is also obliged to maintain an interest cover ratio (to be calculated in accordance with the Nibelung Loan) of 135 per cent.

Repayment of the Nibelung Loan is by quarterly instalments and the amount due on each interest payment date (excluding the maturity date) is: (i) any surplus amount standing to the credit of a designated account of Challenging; plus (ii) from the fourth anniversary to the maturity date, €250,000. On the maturity date, the Nibelung Borrowers shall be obliged to repay any outstanding balance in full. The repayment instalments shall first be used to repay the balance of one facility and thereafter the other five facilities on a *pro rata* basis.

The amortisation schedule is as follows:

Date	Amortisation	Closing Balance
April 2006	525,463	71,174,537
July 2006	436,084	70,738,453
October 2006	438,319	70,300,134
January 2007	432,536	69,867,598
April 2007	498,071	69,369,527
July 2007	494,435	68,875,092
October 2007	490,272	68,384,820
January 2008	483,892	67,900,928
April 2008	499,196	67,401,732
July 2008	505,259	66,896,474
October 2008	495,704	66,400,769
January 2009	510,427	65,890,342
April 2009	524,713	65,365,629
July 2009	452,539	64,913,090
October 2009	435,663	64,477,427
January 2010	396,931	64,080,496
April 2010	429,201	63,651,295
July 2010	401,681	63,249,614
October 2010	346,643	62,902,971
January 2011	62,902,971	0

The Borrowers

The borrowers under the Nibelung Loan (the “Nibelung Borrowers” and each a “Nibelung Borrower”) are Broombridge, Lumley, Challenging and the Siemens GmbHs. The Siemens GmbHs, which are limited liability companies incorporated in Germany, assumed the obligations of Broombridge and Lumley in respect of three of the facilities pursuant to three deeds of accession and assumption dated 31 January 2006. The remaining Nibelung Borrowers are limited companies organised under the laws of Gibraltar.

The entire share capital of the Siemens GmbHs is indirectly owned by Broombridge and Lumley in equal proportions. Challenging is a wholly-owned subsidiary of Broombridge and Lumley and was set up to hold the leasehold interest of the Belgian Nibelung Property.

The Property

The property is a portfolio of 4 office buildings with car park facilities located in Belgium (the “Belgian Nibelung Property”) and 3 warehouse and office complexes located in Germany (the “German Nibelung Property”). The property is let to the following major tenants:

Major Tenants	Rent (€)	% of Total Rent
Fujitsu-Siemens Computers GmbH.	1,372,004	22.9%
Flextronics International Ltd	1,270,044	21.2%
Siemens AG	1,081,573	18.1%
OCE – Belgium	796,581	13.3%

The interest in the Belgian Nibelung Property is (or will be) held by Challenging as a leaseholder.

With respect to two of the Belgian Nibelung Property, the Jules Bordet property and the Albert I property (the “Affected Belgian Nibelung Properties”), soil survey obligations were triggered under Brussels and Flemish legislation respectively due to the carrying out of potentially soil polluting activities previously on such properties. As a result, the title to the Affected Belgian Nibelung Properties could not be transferred from the owner, Swissville Europe (Belgium) S.A. (“Swissville”) to Challenging at the time of the origination of the Nibelung Loan until the soil surveys have been conducted and their results approved by the relevant waste management agency. Pursuant to an undertaking given by Swissville to Challenging dated 26 January 2006, it undertook to grant a long term lease to Challenging once any potential pollution issue is resolved. Swissville has also entered into a similar undertaking to transfer the freehold interest in the Affected Belgian Nibelung Property to the Nibelung Freeholder, who already holds the freehold interest in the Belgian Nibelung Property which are not the Affected Belgian Nibelung Property.

The relevant soil surveys have been completed and on or about 30 May 2006, long term lease agreements with respect to each of the Affected Belgian Nibelung Properties have been entered into in compliance with the applicable soil sanitation legislation and are currently in the process of being registered with the competent mortgage registry.

Pursuant to a mortgage deed under Belgian law dated 26 January 2006 between Citibank, N.A., London Branch (as lender), Citibank International plc (as security trustee), Challenging, the Nibelung Freeholder and Swissville (as owner of the Affected Belgian Nibelung Property), (i) Swissville granted a first ranking mortgage over the Affected Belgian Nibelung Property, (ii) Challenging granted a first ranking mortgage over its leasehold interest in the Belgian Nibelung Property which is not the Affected Belgian Nibelung Property, and (iii) the Nibelung Freeholder granted a mortgage over its freehold interest in the Belgian Nibelung Property which is not the Affected Belgian Nibelung Property, all as security to the security trustee in respect of the Nibelung Loan.

Challenging entered into a third-party mortgage agreement dated 25 January 2006 with the Nibelung Freeholder pursuant to which the Nibelung Freeholder agreed to grant a first ranking mortgage over the freehold interest on the Belgian Nibelung Property in connection with the Nibelung Loan in return for an annual fee.

Property Management

The Nibelung Property is managed by Mayfield Asset and Property Management Limited pursuant to various management agreements (the “Nibelung Management Agreement”). The Nibelung Management Agreement is for a term of five years.

Under the terms of the Nibelung Loan, the Nibelung Borrower may not appoint any managing agent without the prior consent of the lender and such managing agent has to enter into a duty of care agreement.

Subordinated Loan

Pursuant to a subordinated loan agreement dated 25 January 2006, Spring Woods Limited provided a loan in the amount of €26,645,500 to Broombridge and Lumley. The parties to the subordinated loan agreement subsequently entered into a subordination agreement dated 26 January 2006 pursuant to which the relationship and priority between the Second Seller and Spring Woods Limited are regulated.

Broombridge, Lumley, Allelia Limited and Goldsborough Holdings Limited also entered into a subordination agreement dated 26 January 2006 pursuant to which the relationship and priority between the Second Seller and the parties to this subordination agreement are regulated.

Pursuant to the two subordination agreements, the Nibelung Borrowers' obligations to the other lenders are fully subordinated until all liabilities under the Nibelung Loan have been discharged in full.

The table below sets out some details in relation to the Nibelung Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
Bourg	Rue Colonel Bourg 111, Zavantem	Belgium	6,500,000.00	4,700,000.00	Office
Ikaroslaan 31	Ikaroslaan 31	Belgium	2,800,000.00	2,450,000.00	Office
Albert48	Albert Laan 48/50	Belgium	5,225,000.00	4,375,000.00	Office
Bordet	Avenue Jules Bordet 32	Belgium	11,750,000.00	8,500,000.00	Office
Bayreuth	25 Weihrestrasse	Germany	2,950,000.00	2,250,000.00	Office/Warehouse
PaderbornHNR	Heinz-Nixdorf Ring	Germany	43,000,000.00	31,500,000.00	Production
Saarbrücken	25 Martin Luther Strasse	Germany	10,200,000.00	7,375,000.00	Office/Storage/Ancillary
Total:			82,425,000.00	61,150,000.00	

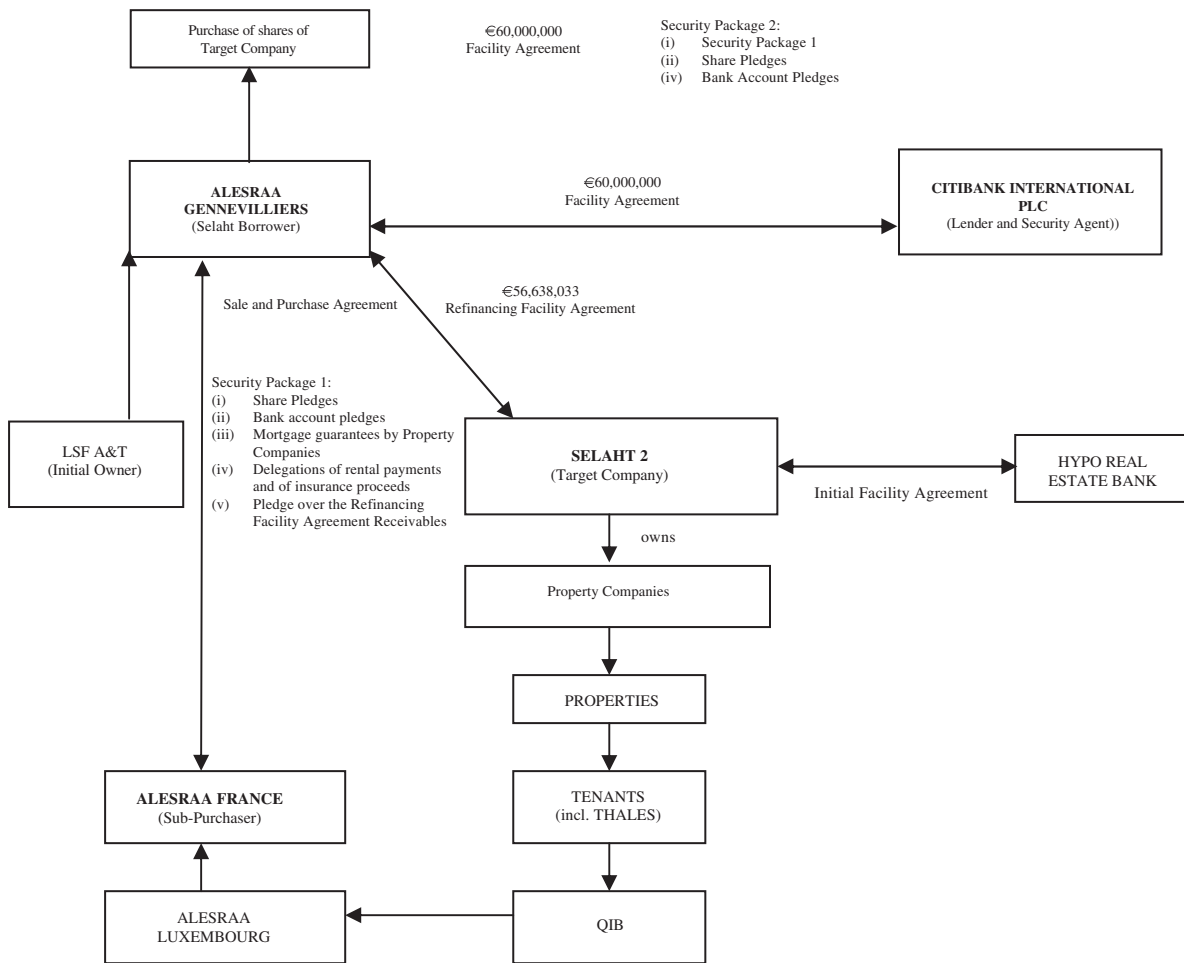
The table below sets out some details in relation to the tenants of the Nibelung Property:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
OCE – Belgium	Bordet	4,671.00	796,581.00	31-Aug-12	28-Feb-10	702,900.00
Vacant	Bordet	440.00	52,800.00			74,800.00
Vacant	Bordet	225.00	13,500.00			0.00
OCE – Belgium	Bordet	81.00	0.00	31-Aug-12	28-Feb-10	0.00
OCE – Belgium	Bordet	38.00	0.00	31-Aug-12	28-Feb-10	0.00
Vacant	Bordet	9.00	4,500.00			0.00
Fujitsu-Siemens Computers GmbH	PaderbornHNR	15,286.00	979,526.88	31-Dec-06	31 May 206	1,100,592.00
Fujitsu-Siemens Computers GmbH	PaderbornHNR	1,488.00	45,175.68	31-Dec-06	31 May 206	53,568.00
Fujitsu-Siemens Computers GmbH	PaderbornHNR	4,672.00	299,381.76	31-Dec-06	31 May 206	280,320.00
Fujitsu-Siemens Computers GmbH	PaderbornHNR	1,377.00	47,919.60	31-Dec-06	31 May 206	49,572.00
Flextronics International Ltd	PaderbornHNR	35,279.00	1,270,044.00	31-Dec-09		1,375,881.00
Siemens AG	PaderbornHNR	7,241.00	221,574.60	30-Sep-09		391,008.00
Pader Tech GmbH	PaderbornHNR	607.01	56,538.12	31-May-06		43,704.00
Pader Tech GmbH	PaderbornHNR	1,609.45	68,790.12	31-May-06		57,936.00
Pader Tech GmbH	PaderbornHNR	1,575.16	60,934.44	31-May-06		56,700.00
Pader Tech GmbH	PaderbornHNR	0.00	0.00	31-May-06		0.00
Cognitas	PaderbornHNR	200.00	13,200.00	31-Dec-07		14,400.00
Cognitas	PaderbornHNR	21.49	773.64			76.47
Vacant	PaderbornHNR	143.29	0.00			10,320.00
Niggemeier	PaderbornHNR	29.47	2,171.40	Indefinite		2,112.00
Service One	PaderbornHNR	21.44	1,615.68	Indefinite		1,536.00
Service One	PaderbornHNR	48.69	1,875.48	Indefinite		1,752.00
Hochtief GM	PaderbornHNR	73.93	2,927.64			0.00
Hochtief GM	PaderbornHNR	83.00	2,689.20			0.00
Public Seven	PaderbornHNR	125.07	9,740.40	31-Aug-08		9,000.00
Public Seven	PaderbornHNR	0.00	276.12	31-Aug-08		276.12
Publicis Relationship	PaderbornHNR	40.71	4,860.72	30-Sep-07		2,928.00
Vacant	PaderbornHNR	3,451.00	0.00			432,571.24
Vacant	Bourg	567.00	73,710.00			69,741.00
AUDIMETRIE	Bourg	458.00	63,512.00	30-Nov-10	30-Nov-07	51,200.00
AUDIMETRIE	Bourg	435.00	58,220.00	30-Nov-10	30-Nov-07	47,150.00
Vacant	Bourg	970.00	126,100.00			119,310.00
AUDIMETRIE	Bourg	31.00	1,991.00	30-Nov-10	30-Nov-07	1,950.00
Vacant	Bourg	276.00	16,560.00			33,948.00
Centric IT S Belgium NV	Bourg	338.00	35,520.00	30-Sep-14	30-Sep-08	40,900.00
Vacant	Bourg	970.00	126,100.00			119,310.00
Vacant	Bourg	221.00	13,260.00			27,183.00
Vacant	Bourg	11.00	9,548.00			0.00
Vacant	Bourg	3.00	1,500.00			0.00
AUDIMETRIE	Bourg	8.00	0.00	30-Nov-10	30-Nov-07	0.00
Centric IT S Belgium NV	Bourg	3.00	0.00	30-Sep-14	30-Sep-08	0.00
Vacant	Bourg	6.00	5,208.00			0.00
Vacant	Bourg	4.00	2,000.00			0.00
AUDIMETRIE	Bourg	8.00	0.00	30-Nov-10		0.00
Vacant	Bourg	27.00	23,436.00			0.00
Centric IT S Belgium NV	Bourg	3.00	0.00	30-Sep-14	30-Sep-08	0.00
Vacant	Bourg	7.00	3,500.00			0.00
Vacant	Albert48	82.00	10,168.00			10,660.00
De Geest	Albert48	153.00	20,714.00	31-Aug-12	31-Aug-09	19,900.00
HOFFMAN	Albert48	130.00	18,828.00	31-Jan-12	31-Jan-07	18,800.00
AERO DYNAMIC	Albert48	68.00	8,998.00	30-Nov-10	30-Nov-07	8,840.00
Tour & Andersson NV	Albert48	221.00	31,821.00	30-Nov-10	30-Nov-07	32,500.00
Vacant	Albert48	192.00	23,808.00			24,960.00
BAHLSSEN	Albert48	460.00	55,751.00	31-Mar-14	31-Mar-10	70,300.00
AC PARTNERS	Albert48	198.00	24,630.00	31-Oct-13	31-Oct-07	28,600.00
EAO	Albert48	156.00	18,405.00	30-Nov-07	30-Nov-07	21,200.00
HCX	Albert48	129.00	19,557.00	31-May-09		18,400.00
G CONSULT	Albert48	123.00	17,761.00	15-May-06		16,100.00
ULYSSES	Albert48	335.00	32,580.00	31-Jul-08	31-Jul-06	47,400.00
Vacant	Albert48	99.00	12,276.00			12,870.00
Cleaning Masters	Albert48	239.00	30,267.00	31-May-13	31-May-07	32,000.00
GREINER	Albert48	150.00	22,490.00	30-Nov-11	30-Nov-08	21,100.00
Vacant, formerly BANNER	Albert48	167.00	20,708.00			21,710.00
GREINER	Albert48	2.00	0.00	30-Nov-11	30-Nov-08	1,800.00
Kontron Modular	Albert48	12.00	10,200.00	31-Mar-14		10,200.00
EAO	Albert48	2.00	1,836.00	30-Nov-07	30-Nov-07	1,799.00
HOFFMAN	Albert48	2.00	0.00	31-Jan-12	31-Jan-07	1,800.00
ULYSSES	Albert48	4.00	3,348.00	31-Jul-08	31-Jul-06	3,269.00
Vacant	Albert48	4.00	3,472.00			8,214.80
Vacant	Albert48	21.00	18,228.00			18,900.00
Tour & Andersson NV	Albert48	4.00	0.00	30-Nov-10	30-Nov-07	3,600.00
AC PARTNERS	Albert48	3.00	0.00	30-Mar-13	31-Oct-07	2,700.00
Vacant	Albert48	2.00	1,300.00	31-Aug-05		1,200.00
Vacant	Albert48	2.00	1,300.00			1,200.00
GREINER	Albert48	1.00	0.00	30-Nov-11	30-Nov-08	600.00

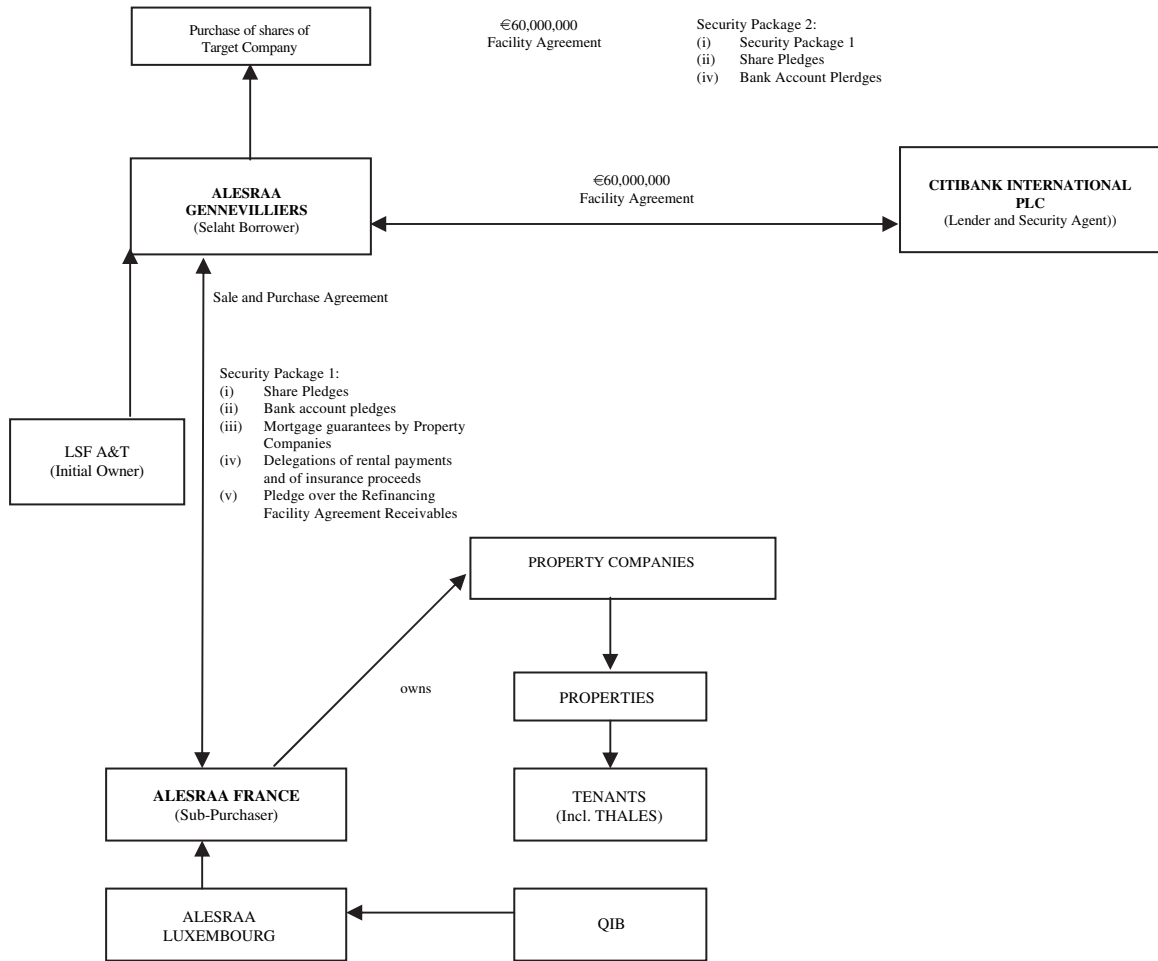
Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
HCX	Albert48	1.00	0.00	31-May-09		900.00
HCX	Albert48	1.00	0.00	31-May-09		600.00
BAHLSSEN	Albert48	11.00	0.00	31-Mar-14	31-Mar-10	9,900.00
De Geest	Albert48	1.00	0.00	31-Aug-12	31-Aug-09	0.00
Siemens AG	Saarbrucken	9,510.00	640,003.00	19-Sep-10		678,000.00
Siemens AG	Bayreuth	3,087.00	219,995.00	18-Sep-08		219,995.00
Computatcentre N.V.	Ikaroslaan 31	1,663.00	199,125.00	31-Jul-14	31-Jul-08	234,100.00
Total:		100,417.71	5,985,130.48			6,776,762.63

SELAHT LOAN

(simplified pre Restructuring Chart)



(simplified post Restructuring Chart)



Loan Information		Property Information	
Cut-Off Date Balance:	€60,000,000	Single Asset/Portfolio:	Portfolio (7 Properties)
First Payment Date:	16 July 2006	Property Type:	Office/Light Industrial
Loan Purpose:	Acquisition for investment	Location:	France
Interest Rate:	Floating	NR Sq. M:	139,536
Hedging at Lender Level:	No	Type of Ownership:	Freehold
Maturity Date:	16 November 2010	Property Management:	Centuria Real Estate Management S.A.S.
Borrower:	Alesraa Gennevilliers	Gross Income:	€6,486,344
Interest Calculation:	3 month EURIBOR plus 1.20% plus mandatory costs (if any)	Expenses:	0
Amortisation:	Interest only	Net Rental Income:	€6,486,344
Cut-off LTV:	59.8%	Initial Value:	€100,310,000
Loan Maturity Date LTV:	59.8%	Initial Valuation Date:	1 May 2005
ICR:	2.37	Initial Valuation Firm:	CB Richard Ellis
DSCR:	2.37	Loan per Sq. M.:	€430.00
Prepayment Penalties:	0 – 1st year: 1.00% 1st – 2nd year: 0.50% 2nd – 3rd year: 0.25% non thereafter	Expected/Estimated Rental Value:	€5,859,070
		Vacancy Rate:	1.0%
		Weighted Average Lease Term:	26 Dec 2011

Selaht Whole Transaction

The Selaht Loan (as defined below) is a part of a larger Islamic finance transaction (but the Selaht Loan is not itself an Islamic law compliant transaction).

Alesraa Gennevilliers (the “Selaht Borrower”) entered into (i) a purchase agreement with LSF A&T (the “Selaht Initial Owner”) as initial owner of the target company (the “Selaht Target Company”) relating to the Selaht Target Company shares, (ii) loan agreements with the Selaht Target Company in order for the Selaht Target Company to (a) refinance the intragroup loan granted by the Selaht Initial Owner to the Selaht Target Company (the “Selaht Inter-group Loan”) and (b) refinance the existing debt of the Selaht Target Company *vis à vis* Hypo Real Estate Bank (together with the Selaht Inter-group Loan, the “Selaht Refinancing Loan”). Further to the Restructuring (as defined below), the Selaht Refinancing Loan has been cancelled as the creditor and debtor are both Alesraa France.

The Selaht Loan has been granted by Citibank International plc (the “Selaht Lender”) to the Borrower in order to allow the Selaht Borrower to (i) partially finance the purchase of the shares of the Selaht Target Company to the Selaht Initial Owner and (ii) finance the Selaht Refinancing Loan.

Contemporaneously Alesraa France (the “Selaht Property Investor”) undertook pursuant to a sale financing agreement (*credit-vendeur*) to re-purchase the Selaht Target Company’s shares and the Selaht Borrower’s claims against the Selaht Target Company under the Selaht Refinancing Loan. The Selaht Property Investor also granted to the Selaht Borrower a short term facility for the purpose of partially financing the purchase of the shares of the Selaht Target Company.

The rights and obligations of the parties are regulated by a subordination agreement entered into between, *inter alia*, the Selaht Borrower, the Selaht Property Investor and the Selaht Lender on 16 November 2005 (the “Selaht Subordination Agreement”). The Selaht Subordination Agreement provides that any debt owed to the Selaht Lender or to the Selaht Hedging Counterparty (as defined below) under the Selaht Loan or the swap agreement (as described below) will rank senior to any other debt owed to the Selaht Borrower under the *credit-vendeur* or under any subordinated loan, if any.

The Loan

The loan (the “Selaht Loan”) was originated by the Selaht Lender pursuant to a facility agreement dated 16 November 2005 entered between the Selaht Borrower, Citigroup Global Markets Limited as

arranger, Citibank International plc as agent and Security Agent and Citibank, N.A., London Branch as hedging counterparty (the “Selaht Hedging Counterparty”). The Selaht Loan is directly or indirectly secured by, *inter alia*, (i) first ranking guarantees over mortgaged properties (*cautionnements hypothécaires*) over the Selaht Properties; (ii) share pledges over the issued share capital of the Selaht Borrower and of Alesraa France under the *credit-vendeur*; (iii) pledges over certain bank accounts of the Selaht Borrower or Alesraa France under the *credit-vendeur*; (iv) assignments of insurance policies in connection with the Selaht Properties; (v) assignments of the claims under the *credit-vendeur* in connection with the Selaht Properties; (vi) assignments of the claims under the lease agreements in connection with the Selaht Properties; all of which are governed by French law.

For further information, refer to the section “*Enforcement Procedures*”.

The interest rate of the Selaht Loan is the sum of (i) 1.20 per cent. per annum plus (ii) 3 Month EURIBOR (iii) mandatory costs (if any) for the compliance with the requirements of the relevant regulatory authorities to be calculated on the first day of each interest period.

The Selaht Borrower has entered into an interest swap agreement governed by the ISDA Master Agreement with the Selaht Hedging Counterparty pursuant to which the Selaht Borrower undertakes to pay an amount calculated on a fixed interest rate of 3.37 per cent. and the Selaht Hedging Counterparty undertakes to pay a 3 month EURIBOR floating amount calculated on the same notional amount as the Selaht Loan. The mark to market value of such swap agreement at the date of this Prospectus was approximately €1,462,114 in favour of the Selaht Borrower.

The Selaht Borrower undertakes to ensure that the loan to value in respect of the Selaht Loan does not exceed at any time 63 per cent. The Selaht Borrower also undertakes to maintain an interest coverage ratio of 200 per cent.

The Selaht Borrower shall repay the Selaht Loan in full on 16 November 2010 at the latest.

The Borrower

The Selaht Borrower is directly owned by Financière Centuria Luxembourg, a limited liability company formed under the laws of Luxembourg which itself is held by up to 33.33 per cent. owned by Dexia Banque.

Alesraa France is a limited liability company (*Société à responsabilité limitée*) incorporated in France the principal activity of which is to acquire and hold properties.

Selaht 2 is a limited liability company (*Société par actions simplifiée*) incorporated in France the principal activity of which is to acquire and hold properties.

Further to a shareholder’s decision of Alesraa France dated 6 February 2006, Selaht 2 has been dissolved by way of a *Transmission Universelle de Patrimoine* and all rights and obligations of Selaht 2 have been transferred to Alesraa France with effective date 7 March 2006 (the “Restructuring”). As a replacement of the pledges over the shares of Selaht 2, additional securities in the form of guarantees over mortgaged properties (*cautionnements hypothécaires*) have been granted to the Security Agent in compliance with the terms of the Selaht Loan.

The Selaht Properties (as defined below) are held by 7 real estate companies (*Sociétés civiles immobilières*) incorporated in France (the “Selaht Property Companies”) and which are subsidiaries of the Selaht Target Company (and, as a result of the Selaht Restructuring, of Alesraa France).

The Selaht Properties

The properties (the “Selaht Properties”) comprise seven commercial properties located in France and held by the Selaht Property Companies. The Selaht Properties are held freehold and are let principally to Thalès for a fixed term of 9 years ending 17 December 2011.

Major Tenants	Rent (€)	% of Total Rent
Thales S.A.	6,381,344	98.4%
Mecabrive	105,000	1.6%

Property Management

The Selaht Property is managed by Centuria Real Estate Management SAS pursuant to property management agreements and duty of care agreements entered into between Centuria Real Estate

Management SAS and each of the Selaht Property Companies (the “Selaht Property Management Agreements”).

Under the terms of the Selaht Loan, the Selaht Lender may require the Selaht Borrower to appoint a new property manager on terms approved by the Selaht Lender acting in a reasonable manner. The Selaht Borrower (i) may terminate each of the Selaht Property Management Agreements upon 30 business days’ notice if (a) the property manager is in default of its obligations under any of the Selaht Property Management Agreements or (b) ceases to exist or is subject to an insolvency proceeding, and (ii) may appoint any new property manager with the Selaht Lender’s prior consent. The Selaht Borrower will use its best efforts to enter into the relevant Selaht Property Management Agreement with such new property manager.

The table below sets out some details in relation to the Selaht Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
Domaine de Corbeville	Domaine de Corbeville	France	20,290,000.00	15,291,583.00	Office / Light Industrial
Chaussee Jules Cesar	Chaussee Jules Cesar	France	24,410,000.00	19,426,084.00	Office / Light Industrial
25 rue Jules Vedrines	25 rue Jules Vedrines	France	10,570,000.00	7,290,542.00	Office / Light Industrial
20 Boulevard de l’Industrie	20 Boulevard de l’Industrie	France	9,770,000.00	7,075,740.00	Office / Light Industrial
rue Toussaint-Catros	rue Toussaint-Catros	France	20,710,000.00	14,345,192.00	Office / Light Industrial
Zone Industrielle du Sanital, rue Marcel Dassault	Zone Industrielle du Sanital, rue Marcel Dassault	France	10,120,000.00	8,042,460.00	Office / Light Industrial
6, rue du Lieutenant Colonel Laporte	6, rue du Lieutenant Colonel Laporte	France	4,440,000.00	2,439,760.00	Office / Light Industrial
			Total: 100,310,000.00	73,911,361.00	

The table below sets out some details in relation to the tenants of the Selaht Property:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a.(€)	Lease Expiry Date	Break Date	ERV (€)
Thales S.A.	Domaine de Corbeville	15,979.00	749,178.00	17-Dec-11	None	Building demolished if vacated
Vacant	Domaine de Corbeville	6,782.00	0.00			N.A.
Thales Training and Simulation	Chaussee Jules Cesar	23,671.00	1,702,582.00	17-Dec-11	None	1,727,955.00
Thales S.A.	25 rue Jules Vedrines	25,241.00	804,164.00	17-Dec-11	None	900,000.00
Thales S.A.	20 Boulevard de l’Industrie	14,869.00	729,324.00	17-Dec-11	None	707,775.00
Thales S.A.	rue Toussaint-Catros	27,107.50	1,421,595.00	17-Dec-11	None	1,425,000.00
Thales S.A.	Zone Industrielle du Sanital, rue Marcel Dassault	12,139.00	754,187.00	17-Dec-11	None	728,340.00
Thales S.A.	6, rue du Lieutenant Colonel Laporte	8,047.00	220,314.00	17-Dec-11	None	250,576.92
Mecabrive	6, rue du Lieutenant Colonel Laporte	5,700.00	105,000.00	30-Jun-13	01-Jul-07	119,423.08
		Total: 139,535.50	6,486,344.00			5,859,070.00

The Loan

This loan (the “Bastuban Loan”) was originated by Citibank International plc pursuant to a facility agreement dated 25 May 2005. The Bastuban Loan is secured by, among other things, (i) a first ranking mortgage over the Bastuban Property under Swedish law; (ii) a pledge over the entire share capital of the Bastuban Parent (as defined below) under Swedish law; (iii) a pledge over participation in the limited partnership of Europahuset given by both the general partner and the limited partner under Swedish law; (iv) pledges over certain bank accounts of the Bastuban Borrowers under Swedish law; and (v) a pledge over insurances in connection with the Bastuban Property under Swedish law. The Bastuban Borrowers’ obligations are guaranteed by the Bastuban Parent and the general partner of Europahuset.

Bastuban Whole Loan

The Bastuban Loan represents a portion of the full amount of the loan (the “Bastuban Whole Loan”). The First Seller has sold, or will following the Issue Date sell, part of its interest (the whole of such interest being as at the Cut-Off Date €49,840,085¹) in the Bastuban Whole Loan to a third party investor. Such interest will not be acquired by the Issuer on the Issue Date and will instead be retained by the First Seller and thereafter a third party investor who is not a party to this securitisation. The First Seller will sell the remainder of its interest in the Bastuban Whole Loan to the Issuer on the Issue Date.

With respect to the portion of the Bastuban Whole Loan advanced to Europahuset (having a principal amount of SEK418,162,779), the Bastuban Borrower granted in favour of the Security Agent acting on behalf of the First Seller a mortgage certificate pledge in the amount of SEK400,000,000 only. Therefore SEK18,162,779 of the Bastuban Whole Loan is not secured by the mortgage certificate pledge. The interest acquired by the Bastuban Investor will be ranked junior to the interest acquired by the Issuer. As such, the Issuer’s interest in the Bastuban Loan, being as at the Cut-Off Date an amount equal to €41,044,776², is effectively fully collateralised and secured by the mortgage certificate pledge. For further information, refer to the section “Enforcement Procedures”.

The interest rate of the Bastuban Whole Loan is the sum of (i) 1.50 per cent. per annum⁶ plus (ii) three-month Stockholm Interbank Offered Rate (“STIBOR”) plus (iii) a mandatory cost (if any) for the compliance with the requirements of the relevant regulatory authorities to be calculated on the first day of each interest period.

The Bastuban Parent entered into a rate cap agreement with Citibank, N.A., London Branch dated 24 May 2005 with a cap rate of 4.00 per cent. which will expire on 16 October 2006.

The Bastuban Parent also entered into a swaption transaction with Citibank, N.A., London Branch dated 24 May 2005 pursuant to which the Bastuban Parent bought an option to enter into an interest rate swap transaction that requires (i) the Bastuban Parent to pay Citibank, N.A., London Branch a fixed rate of 3.30 per cent. and (ii) Citibank, N.A., London Branch to pay the Bastuban Parent an amount calculated by reference to three-month STIBOR on a fixed notional amount. The option will expire on 12 October 2006.

The Bastuban Borrower is also obliged to maintain an interest cover ratio (to be calculated in accordance with the Bastuban Loan) of 175 per cent.

1 The amounts have been converted into Euro at the rate of €1 = SEK9.38 (being the rate for the exchange of Euro for Swedish Krona as of April 2006) rounded down to the nearest Euro.

2 1.25 per cent. per annum on and from the date on which the Borrower receives confirmation from the facility agent that the lease with the major tenant (SCA Hygiene Products AB) is extended to a term of at least ten years (without a break option) on substantially the same terms and conditions as before (such extension, the “Lease Extension”).

Repayment of the Bastuban Loan is by quarterly instalments. There is no scheduled repayment in the initial two years. Repayments are scheduled to be made on each interest payment date (excluding the maturity date) from the second anniversary to the fifth anniversary of the date of the first drawdown. The indicative amounts scheduled to be made on each interest payment date are shown as follows:

Date	Amortisation (€)	Closing Balance (€)
April 2006	0	41,044,776
July 2006	0	41,044,776
October 2006	0	41,044,776
January 2007	0	41,044,776
April 2007	0	41,044,776
July 2007	755,624	40,289,152
October 2007	755,624	39,533,529
January 2008	755,624	38,777,905
April 2008	755,624	38,022,281
July 2008	795,336	37,226,946
October 2008	795,336	36,431,610
January 2009	795,336	35,636,274
April 2009	795,336	34,840,938
July 2009	578,332	34,262,607
October 2009	578,332	33,684,275
January 2010	578,332	33,105,943
April 2010	578,332	32,527,612
May 2010	32,527,612	0

Upon the occurrence of the Lease Extension, the amounts of repayments scheduled to be made on each interest payment date (excluding the maturity date) from the second anniversary to the fifth anniversary of the first drawdown will be equal to 0.75 per cent. of the original aggregate amount of the Bastuban Loan outstanding on the first drawdown date instead.

The Borrowers

The Borrowers under the Bastuban Loan (the “Bastuban Borrowers” and each a “Bastuban Borrower”) are BRPH Top Holding AB (the “Bastuban Parent”), a limited company formed under the laws of Sweden, and KB Europahuset Building (“Europahuset”), a limited partnership formed under the laws of Sweden. The principal activities of Europahuset are to own and manage real properties.

The Bastuban Parent is the limited partner of Europahuset and BRPH General Partner AB is the general partner of Europahuset.

Under the Partnership Act (1980:1102) of Sweden, a limited partner has limited liability and a general partner has unlimited liability. The limited partner’s liability for the obligations of the partnership is limited to its capital contribution.

The Property

The property (the “Bastuban Property”) is located in the industrial and enterprise area in the south-western part of Gothenburg, in the municipality of Mölndal in Sweden. The site, with an area of 88,910 square metres, has three commercial buildings: a seven-storey office building, a 2-storey building containing some offices, a restaurant, gymnasium and a basketball court, and a third building which is mainly a workshop/warehouse. The site also contains around 650 parking spaces.

The Bastuban Property is let to the following tenants:

Major Tenant(s)	Rent (€)	% Rent
SCA Hygiene Products AB	5,305,626	94.3%
Vodafone Sverige AB	312,959	5.6%
UMTS Nät AB	5,035	0.1%

Property Management

The Bastuban Property is managed by Mayfield Asset and Property Management Limited pursuant to various management agreements.

Under the terms of the Bastuban Loan, the Bastuban Borrower may not appoint any managing agent without the prior consent of the lender and such managing agent has to enter into a duty of care agreement.

Subordinated Loan

The Parent entered into a subordinated loan agreement dated 20 May 2005 for the amount of SEK86,545,813 with a company in its group. The parties subsequently entered into a subordination agreement dated 23 May 2005 which provides that the payment of the subordinated loan is conditional upon the payment in full of the Bastuban Loan.

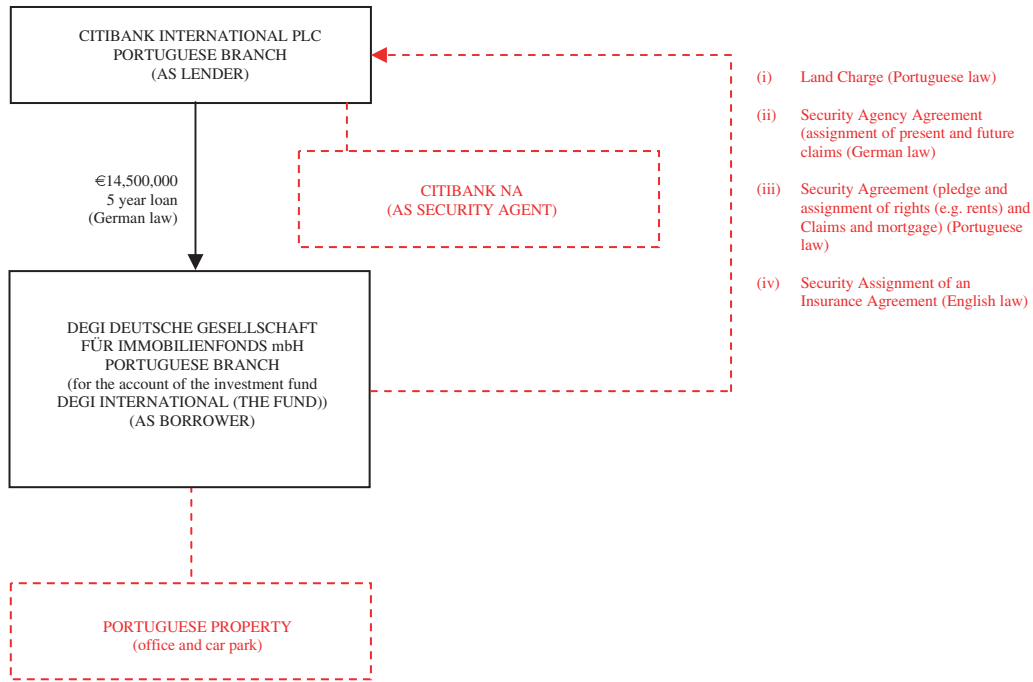
The table below sets out some details in relation to the Bastuban Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
Bastuban 1, Municipality of Molndal	Backstengatan 5	Sweden	58,635,394.46	46,268,656.72	Office

The table below sets out some details in relation to the tenants of the Bastuban Property:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
UMTS Nät AB	Bastuban 1, Municipality of Molndal	0.00	5,034.54	31-Dec-12	None	5,010.66
SCA Hygiene Products AB	Bastuban 1, Municipality of Molndal	45,301.00	5,305,626.01	31-Dec-09	None	4,991,258.00
Vodafone Sverige AB	Bastuban 1, Municipality of Molndal	1,606.00	296,839.13	28-Feb-12	None	171,215.35
Vodafone Sverige AB	Bastuban 1, Municipality of Molndal	0.00	16,119.40	28-Feb-12	None	15,884.86
	Total:	46,907.00	5,623,619.08			5,183,368.87

DEGI ENTRECAMPOS LOAN



Loan Information		Property Information	
Cut-Off Date Balance:	€14,500,000	Single Asset/Portfolio:	Single asset
First Payment Date:	16 July 2006	Property Type:	Office
Loan Purpose:	Acquisition for investment	Location:	Portugal
Interest Rate:	Floating	NR Sq. M.:	11,267
Hedging at Lender Level:	No*	Type of Ownership:	Freehold
Maturity Date:	22 December 2010	Property Management:	Self-managed
Borrower:	DEGI Deutsche Gesellschaft für Immobilienfonds mbH	Gross Income:	€2,823,812
Interest Calculation:	0.50% plus EURIBOR	Expenses:	€238,573
Amortisation:	Interest only	Net Rental Income:	€2,585,239
Cut-off LTV:	33.4%	Initial Value:	€43,443,000
Loan Maturity Date LTV:	33.4%	Initial Valuation Date:	22 November 2005
ICR:	5.92%	Initial Valuation Firm:	Abacus Sivalls
DSCR:	5.92%	Loan per Sq. M.:	€1,286.96
Prepayment Penalties:	25% of the net present value of the margin	Expected/Estimated Rental Value:	€2,745,000
		Vacancy Rate:	0.0%
		Weighted Average Lease Term:	1 June 2010

* Trigger to enter into hedge if EURIBOR equals 5 per cent.

The Loan

This Loan (the “Degi – Entrecampos Loan”) was originated by Citibank International plc, Sucursal em Portugal pursuant to a loan agreement dated 4 November 2005. The amount of the loan, being €14,500,000, is limited to a maximum of 45 per cent. of the purchase price or 50 per cent. of the market value of the Degi – Entrecampos Property. The Degi – Entrecampos Loan is secured by, among other things, (i) a first ranking mortgage over the Degi – Entrecampos Property under Portuguese law; (ii) pledges over insurances in connection with the Degi – Entrecampos Property

under English law; (iii) pledges over rights in respect of, *inter alia*, the lease agreements, sale and purchase agreement in connection with the Degi – Entrecampos Property under Portuguese law; and (iv) assignment of claims for reimbursement of expenses against Degi-International arising from the Degi – Expo Tower Loan under German law. The security conferred by each of the relevant Security Agreements constitutes a first priority security interest. No pledges or charges were created over the bank accounts of the Degi – Expo Tower Borrower due to German regulation on KAGs.

For further information, refer to the section “*Enforcement Procedures*”.

The interest rate of the Degi – Entrecampos Loan is the sum of (i) 0.50 per cent. per annum plus (ii) three-month EURIBOR subject to a maximum of 5 per cent. per annum. If such interest rate becomes greater than 5 per cent. per annum or if a certain theoretical interest rate based on interest swap transactions exceeds 5.5 per cent. per annum, the interest rate shall be the sum of (i) 0.50 per cent. per annum plus (ii) the Telerate screen rate for five-year swap rate on 22 December 2005. Further, if the outstanding balance of the Degi – Entrecampos Loan minus the interest payable exceeds 42 per cent. of the initial value of the Degi – Entrecampos Property, the Degi – Entrecampos Borrower (as defined below) has to pay an extra 0.5 per cent. interest on the Degi – Entrecampos Loan.

The Degi – Entrecampos Borrower is obliged to maintain a loan to value of 55 per cent. and an interest cover ratio (to be calculated in accordance with the Degi – Entrecampos Loan) of 200 per cent.

Repayment of the Degi – Entrecampos Loan is made on the maturity date provided the interest cover ratio of the financing is kept below 200 per cent. If such interest cover ratio is breached, the Degi – Entrecampos Property is obliged to repay the Loan in an amount of 0.375 per cent. of the original outstanding principal amount of the Loan on each interest payment date. The repayment amount is further increased if the interest cover ratio falls below 150 per cent.

The Borrower

The borrower under the Degi – Entrecampos Loan, DEGI Deutsche Gesellschaft für Immobilienfonds mbH, (the “Degi – Entrecampos Borrower”) is a capital investment company (“KAG”) (see section entitled “*Risk Factors*”) incorporated under the laws of Germany for the management of open-ended real estate investment as funds. The principal activities of the Degi – Entrecampos Borrower are to purchase, manage and lease the Degi – Entrecampos Property for the account of the investment fund DEGI-International by its Portuguese branch, acting as DEGI-International’s business and security agent.

The Property

The property is located in a central area of the city of Lisbon, Portugal. It is an office complex which comprises of 3 inter-connected buildings with four, seven and 12 storeys in height. There is also secure underground parking and technical areas in four communal basement levels (the “Degi – Entrecampos Property”). The Degi – Entrecampos Property is currently occupied by a single tenant, PT Prime-Soluções Empresariais de Telecomunicações e Sistemas S.A.

The Degi – Entrecampos Property is subject to horizontal property division (condominium), comprising 58 fraction units located in the three different buildings (57 units for offices and 1 single unit for retail use). The Degi – Entrecampos Borrower, being the sole owner of all fraction units in the Degi – Entrecampos Property, may elect to revoke and cancel the horizontal property division and convert the Degi – Entrecampos Property into a single freehold property subject to the Lender’s consent. For this purpose, the Degi – Entrecampos Borrower has obtained consent from the existing tenant regarding the revocation and conversion and a waiver not to terminate the lease on grounds of modification to the legal status of the Degi – Entrecampos Property.

Property Management

There is currently no external property managing agent appointed to manage the Degi – Entrecampos Property. If the Degi – Entrecampos Borrower wishes to do so, it must consult the Lender of its entry into a property management agreement with such managing agent and induce such managing agent to enter into a duty of care agreement. The Degi – Entrecampos Borrower is also obliged to act upon each tenant of the Degi – Entrecampos Property to fulfil any obligations under any lease agreements to which it is a party.

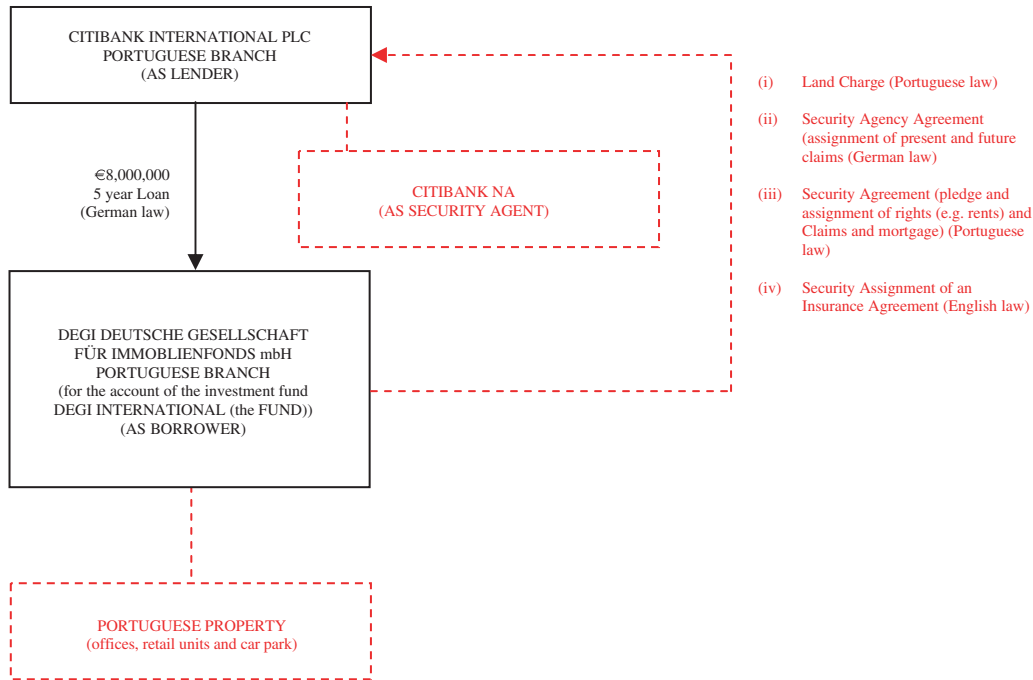
The table below sets out some details in relation to the Degi - Entrecampos Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
Entrecampos 28	Entrecampos 28	Portugal	43,443,000.00	28,900,000.00	Office

The table below sets out some details in relation to the tenants of the Degi - Entrecampos Property:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
PT Prime-Soluções Empresariais de Telecomunicações e Sistemas S.A.	Entrecampos 28	11,266.90	2,823,812.40	01-Jun-10	None	2,745,000.00

DEGI EXPO TOWER LOAN



Loan Information		Property Information	
Cut-Off Date Balance:	€8,000,000	Single Asset/Portfolio:	Single asset
First Payment Date:	16 July 2006	Property Type:	Office
Loan Purpose:	Acquisition for investment	Location:	Portugal
Interest Rate:	Floating	NR Sq. M.:	6,052
Hedging at Lender Level:	No*	Type of Ownership:	Freehold
Maturity Date:	4 November 2010	Property Management:	Self-managed
Borrower:	DEGI Deutsche Gesellschaft für Immobilienfonds mbH	Gross Income:	€1,297,153
Interest Calculation:	0.50% plus EURIBOR	Expenses:	€83,982
Amortisation:	Interest only	Net Rental Income:	€1,213,171
Cut-off LTV:	40.9%	Initial Value:	€19,560,000
Loan Maturity Date LTV:	40.9%	Initial Valuation Date:	30 September 2005
ICR:	5.03%	Initial Valuation Firm:	Cushman & Wakefield Healey & Baker
DSCR:	5.03%	Loan per Sq. M.:	€1,321.94
Prepayment Penalties:	25% of the net present value of the margin	Expected/Estimated Rental Value:	€1,402,232
		Vacancy Rate:	0.0%
		Weighted Average Lease Term:	9 Sept 2010

*Trigger to enter into a hedge if EURIBOR reaches 5 per cent.

The Loan

This Loan (the “Degi – Expo Tower Loan”) was originated by Citibank International plc, Sucursal em Portugal pursuant to a loan agreement dated 4 November 2005. The amount of the loan, being €8,000,000, is limited to a maximum of 41 per cent. of the purchase price of the Degi – Expo Tower Property. The Degi – Expo Tower Loan is secured by, among other things, (i) a first ranking mortgage over the Degi – Expo Tower Property under Portuguese law; (ii) pledges over insurances in connection with the Degi – Expo Tower Property under English law; (iii) pledges over rights in

respect of, *inter alia*, the lease agreements and sale and purchase agreement in connection with the Degi – Expo Tower Property under Portuguese law; and (iv) assignment of claims for reimbursement of expenses against Degi-International arising from the Degi – Expo Tower Loan under German law. The security conferred by each of the relevant Security Agreements constitutes a first priority security interest. No pledges or charges were created over the bank accounts of the Degi – Expo Tower Borrower due to German regulation on KAGs.

For further information, refer to the section “*Enforcement Procedures*”.

The interest rate of the Degi – Expo Tower Loan is the sum of (i) 0.50 per cent. per annum plus (ii) three-month EURIBOR subject to a maximum of 5 per cent. per annum. If such interest rate becomes greater than 5 per cent. per annum or if a certain theoretical interest rate based on interest swap transactions exceeds 5.5 per cent. per annum, the interest rate shall be the sum of (i) 0.50 per cent. per annum plus (ii) the Telerate screen rate for five-year swap rate on 4 November 2005.

The Degi – Expo Tower Property is obliged to maintain the loan to value at 55 per cent. and an interest cover ratio (to be calculated in accordance with the Degi – Expo Tower Loan) of 200 per cent.

Repayment of the Degi – Expo Tower Loan is made on the maturity date provided the interest cover ratio of the financing is kept below 200 per cent. If such interest cover ratio is breached, the Degi – Expo Tower Property is obliged to repay the Loan in an amount of 0.375 per cent. of the original outstanding principal amount of the Loan on each interest payment date. The repayment amount is further increased if the interest cover ratio falls below 150 per cent.

The Borrower

The borrower under the Degi – Expo Tower Loan, DEGI Deutsche Gesellschaft für Immobilienfonds mbH, (the “Degi – Expo Tower Borrower”) is a capital investment company (“KAG”) (see section entitled “*Risk Factors*”) incorporated under the laws of Germany for the management of open-ended real estate investment as funds. The principal activities of the Degi – Expo Tower Borrower are to purchase, manage and lease the Degi – Expo Tower Property for the account of the investment fund DEGI-International by its Portuguese branch, acting as DEGI-International’s business and security agent.

The Property

The property is located in a central area of the city of Lisbon, Portugal and comprises an office building with (i) ground floor retail units; (ii) eleven upper floors for offices; and (iii) four basement floors for storage and car parking providing 11 parking spaces (the “Degi – Expo Tower Property”).

The Degi – Expo Tower Property is let to the following tenants:

Major Tenants	Rent (€)	% of Total Rent
Top Atlântico Turismo – Holding de Distribuição Turística, SGPS	1,010,163	77.9%
PT Prime-Soluções Empresariais de Telecomunicações e Sistemas S.A.	208,865	16.1%
TMN – Telecomunicações Móveis Nacionais, S.A.	47,104	3.6%
Espírito Santo Viagens – Sociedade Gestora de Participações Sociais, S.A.	31,021	2.4%

Property Management

There is currently no external property managing agent appointed to manage the Degi – Expo Tower Property. If the Degi – Expo Tower Borrower wishes to do so, it must consult the Lender of its entry into a property management agreement with such managing agent and induce such managing agent to enter into a duty of care agreement. The Degi – Expo Tower Borrower is also obliged to act upon each tenant of the Degi – Expo Tower Property to fulfil any obligations under any lease agreements to which it is a party.

The table below sets out some details in relation to the Degi – Expo Tower Property:

Property Name	Property Address	Country	Valuation (€)	VPV (€)	Property Type
Expo Tower	Expo Tower, Avenida D. João II, Lote 1.16.01, Parque das Nações	Portugal	19,560,000.00	16,442,000.00	Office

The table below sets out some details in relation to the tenants of the Degi – Expo Tower Property:

Tenant Name	Property Name	Net Lettable Area (Sq M)	Gross Rent p.a. (€)	Lease Expiry Date	Break Date	ERV (€)
Top Atlântico Turismo Holding de Distribuição Turística, SGPS	Expo Tower	4,954.89	1,010,163.36	30-Sep-10	None	1,099,389.54
Espírito Santo Viagens Sociedade Gestora de Participações, Sociais, S.A	Expo Tower	237.74	31,021.32	30-Jun-10	None	39,648.00
PT Comunicações, S.A	Expo Tower	497.84	208,864.68	29-Jun-10	None	202,992.00
TMN Telecomunicações Móveis Nacionais, S.A	Expo Tower	361.24	47,103.72	30-Jun-10	None	60,202.80
Total:		6,051.71	1,297,153.08			1,402,232.34

DESCRIPTION OF THE FCC, SAGRES, THE FCC RELATED PARTIES, THE SAGRES RELATED PARTIES AND THE PURCHASED NOTES

The FCC

Status

The FCC, FCC EuroProp (EMC), the Elancourt Compartment and the Selaht Compartment were established jointly by the FCC Management Company and the FCC Custodian on the Issue Date. The FCC is a French mutual debt fund (*fonds commun de créances*), 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*, and by the General Regulations.

The FCC is an umbrella debt mutual fund (*fonds commun de créances à compartiments*) and may therefore comprise several compartments. Any compartment will issue units representing the receivables specifically allocated to such compartment and/or debt instruments. The FCC shall be governed by the General Regulations and, in relation to any compartment, by the relevant compartment regulations.

The FCC is a co-ownership entity (*copropriété*), created jointly by the FCC Custodian and the FCC Management Company. Neither the provisions of the French *Code Civil* concerning indivision (joint ownership) nor of Articles 1871 and 1873 of the French *Code Civil* concerning *sociétés en participation* (joint companies) shall apply.

The FCC and any of its compartments do not have separate legal personality. It is therefore unable to take action in its own name. However, the name of the FCC or, as the case may be, of one of its compartments may be validly substituted for its co-owners with respect to any action taken by the FCC Management Company in the name and on behalf of the co-owners. The role and duties of the FCC Management Company and the FCC Custodian are described in “– *The FCC Related Parties*” below.

The FCC should, in principle, not be subject to the provisions of the French *Code de commerce* relating to bankruptcy and insolvency proceedings, nor to 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 mobilières*).

The FCC was created on the Issue Date and shall be dissolved on the date when the last receivable (relating to whichever compartment) is repaid, written off or sold. The acquisition by the FCC after the said date of a receivable with a final maturity date occurring after such date, and its allocation to any compartment, will automatically result in the extension of the term of the FCC.

The FCC Management Company will liquidate the FCC simultaneously with the last compartment and no later than six months after the date when the last receivable (relating to whichever compartment) is repaid, written off or sold.

Principal activities and Management Strategy

Pursuant to Article R. 214-92 of the French *Code monétaire et financier*, the General Regulations and the FCC Compartment Regulations set out the management strategy (*stratégie de gestion*) of the FCC and of each of the FCC Compartments. Pursuant to the terms of the FCC Compartment Regulations, the management strategy (*stratégie de gestion*) of the Elancourt Compartment and the Selaht Compartment consists of (i) the purchase of the French Loan receivables, together with the French Loan Related Security and any other ancillary rights, and (ii) the issue of the FCC Notes and the Units.

The FCC, the Elancourt Compartment and the Selaht Compartment have not engaged in any activity since their establishment other than those incidental to issuing the FCC Notes, entering into the FCC Transaction Documents, acquiring the French Loans and their Related Security and the performance of their obligations relating thereto.

Since the date of establishment, the FCC, the Elancourt Compartment and the Selaht Compartment have not traded, no profits or losses have been made or incurred and no dividends have been paid. It has entered into a number of contracts in connection with the issue of the FCC Notes and the purchase of the French assets and for no other purpose other than in relation to the provision of administrative, secretarial, legal and tax services to it.

Pursuant to the FCC Compartment Regulations governing the Elancourt Compartment and the Selaht Compartment and notwithstanding the provisions of Article L. 214-43 of the French *Code monétaire et financier*, the Elancourt Compartment and the Selaht Compartment are not entitled to purchase further receivables or debt instruments or issue further units or debt instruments after the Issue Date.

The FCC Class A1 Notes, FCC Class B1 Notes and FCC Residual Notes will be issued by the Elancourt Compartment and the FCC Class A2 Notes will be issued by the Selaht Compartment pursuant to the General Regulations and the applicable FCC Compartment Regulations on the Issue Date:

Issued Notes	Initial Principal Amount in Euro
FCC Class A1 Notes due 2013	€73,450,000
FCC Class A2 Notes due 2012	€60,000,000
FCC Class B1 Notes due 2013	€18,650,000
FCC Residual Notes due 2013	€100,000

The FCC Notes

By subscribing for or purchasing the FCC Notes, each FCC Noteholder shall be bound by the terms of the relevant FCC Compartment Regulations (which contain the terms and conditions of the FCC Notes) and, more generally, each such FCC Noteholder shall be deemed to have agreed to and acknowledged the terms of the General Regulations and the FCC Compartment Regulations governing the FCC Compartment having issued such FCC Notes.

Copies of the General Regulations and of the relevant FCC Compartment Regulations are available to the FCC Noteholders (at no cost), upon request to the FCC Management Company or the FCC Custodian.

Pursuant to Article L. 214-48-I of the French *Code monétaire et financier*, only the FCC Management Company may enforce the rights of the FCC or any FCC Compartment against third parties. The FCC Management Company is not bound to act upon the instructions of the FCC Noteholders or any of them, but is responsible for ensuring that the conditions for maintaining the level of security enjoyed by the FCC Noteholders are fulfilled.

In accordance with Article L. 214-44 of the French *Code monétaire et financier*, the securities issued by French debt mutual funds (*fonds commun de créances*) may not be sold by way of solicitation or canvassing (*démarchage*).

In accordance with Article L. 214-43 of the French *Code monétaire et financier*, the holders of the FCC Notes may not require the relevant FCC Compartment to repurchase the FCC Notes.

By subscribing for or purchasing the FCC Notes, the holders of such FCC Notes irrevocably agree that they shall have no recourse whatsoever against the French Borrowers.

The FCC Management Company is required to ensure that each party with whom the FCC Management Company, on behalf of the FCC or any FCC Compartment, enters into any contract shall expressly and irrevocably agree that such party shall have no contractual rights of recourse (*responsabilité contractuelle*) against the FCC or any FCC Compartment and shall waive the claims which it may have against the relevant FCC Compartment for sums in excess of the amount of the assets of the relevant FCC Compartment that are available to be applied for the benefit of such party in accordance with the cash allocation provisions set out in the General Regulations and the relevant FCC Compartment Regulations.

Elancourt Compartment – FCC Senior Notes and FCC Junior Notes

The holder of the FCC Class B1 Note has rights to acquire the Elancourt Loan in circumstances where there has been a material event of default on the Elancourt Loan in consideration for payment of principal and all other amounts due in respect of the FCC Class A1 Note including costs and expenses for winding up or otherwise terminating the FCC Compartment arrangements relating to the FCC Class A1 Notes and the FCC Class B1 Notes.

Amendments to the General Regulations and the FCC Compartment Regulations

The FCC Management Company and the FCC Custodian, acting in their capacity as founders of the FCC and the FCC Compartments, may agree to amend the provisions of the General Regulations and the FCC Compartment Regulations, provided that:

- (i) no such amendment shall result in the reduction of the level of security available to the FCC Noteholders and the holders of the Units;
- (ii) all provisions of the laws relating to providing information to FCC Noteholders are complied with;
- (iii) any amendment to the financial characteristics of any class of FCC Notes shall require the prior approval of the holders of such FCC Notes in accordance with the terms and conditions of the FCC Notes; and

any such amendment shall be disclosed by way of publication on the FCC Management Company's website to the holders of all outstanding FCC Notes, provided that such amendment shall be automatically and without any further formality (*de plein droit*) enforceable against such FCC Noteholders five clear days after such disclosure.

The FCC Related Parties

The FCC Management Company

Eurotitrisation is a limited liability company (*société anonyme*) whose head office is located at 20, rue Chauchat, 75009 Paris, France. It is registered with the Paris Commercial Registry (*Registre de Commerce et des Sociétés de Paris*) under number 353 458 835. The FCC Management Company is licensed and supervised by the French Financial Market Authority (*Autorité des Marchés Financiers*) in accordance with Article L. 214-47 of the French Monetary and Financial Code. Its sole purpose is the management of French mutual debt funds (*fonds commun de créances*).

The FCC Management Company has a share capital of EUR 684,000. The FCC Noteholders may obtain copies of the FCC Management Company's annual accounts from the Clerk of the Paris Commercial Court (*Greffe du Tribunal de Commerce de Paris*) (free of charge).

Pursuant to the General Regulations, the FCC Management Company has participated jointly with the FCC Custodian in the establishment of the FCC and the FCC Compartments. The FCC Management Company is responsible for the management of the FCC and the FCC Compartments and shall represent the FCC and the FCC Compartments *vis-à-vis* third parties and in any legal proceedings, whether as claimant or defendant. The FCC Management Company shall take all steps which it deems necessary or desirable to protect the FCC's and the FCC Compartments' rights arising under the French assets. It is responsible for ensuring that the conditions for maintaining the level of security enjoyed by the FCC Noteholders are fulfilled. The FCC Management Company shall ensure that the FCC and the FCC Compartments do not deviate from their management strategy (*stratégie de gestion*) within the meaning of Article R. 214-92 et seq. of the French *Code monétaire et financier* as set out in the General Regulations and the applicable FCC Compartment Regulations (see “– *The FCC*” above).

The FCC Custodian

BNP PARIBAS Securities Services is a limited liability company (*société anonyme*) whose registered office is located at 3, rue d'Antin, 75002 Paris, France.

It is registered with the Paris Commercial Registry (*Registre du Commerce et des Sociétés de Paris*) under number 552 108 011. It is governed by the French *Code monétaire et financier* (formerly law No. 84-46 of 24 January 1984 (as amended) relating to banking activities and the supervision of credit institutions). It is duly licensed by the French Credit Institutions and Investment Companies Committee (*Comité des Etablissements de Crédit et des Entreprises d'Investissement*) and subject to the regulations of the French Banking and Financial Regulatory Committee (*Comité de la Réglementation Bancaire et Financière*).

The FCC Custodian has a share capital of EUR 165,279,835. The FCC Noteholders may obtain copies of the FCC Custodian's annual accounts from the Clerk of the Paris Commercial Court (*Greffe du Tribunal de Commerce de Paris*) (free of charge).

In accordance with Article L. 214-48-II of the French *Code monétaire et financier*, the FCC Custodian will be in charge of the assets (*assure la conservation des actifs*) of the FCC and the FCC

Compartments and in particular be responsible for custody of the FCC transfer deeds (*actes de cession de créance*) (the “French Loan Transfer Deeds”) evidencing the assignment of the French Loan receivables to the FCC pursuant to the provisions of the General Regulations.

The FCC Custodian has participated jointly with the FCC Management Company in the establishment of the FCC and the FCC Compartments. The FCC Custodian shall act as the custodian of the FCC Compartment’s assets in accordance with the French *Code monétaire et financier*.

FCC Liquidity Facility Provider

Lloyds TSB Bank plc, acting through its corporate office at Faryner’s House, 25 Monument Street, London EC3R 8BQ, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. Lloyds TSB Bank plc, together with its subsidiaries and affiliates, provides a range of banking and financial services in the UK and overseas. These include providing personal, business and corporate customers with banking and other related financial services. Lloyds TSB Bank plc is regulated by the Financial Services Authority. The short term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc as at the date of this Prospectus are rated F1+ by Fitch and A-1+ by S&P.

FCC Servicer and FCC Special Servicer

Citibank International plc will act as a servicer to the FCC (the “FCC Servicer”) pursuant to Article L. 214-46 of the French Monetary and Financial Code and the terms of the relevant FCC Servicing Agreements.

Citibank International plc will act as a special servicer to the FCC (the “FCC Special Servicer”) pursuant to Article L. 214-46 of the French Monetary and Financial Code and the terms of the relevant FCC Servicing Agreements.

The FCC Account Bank

The accounts of each FCC Compartment will be held with BNP PARIBAS Securities Services (the “FCC Account Bank”) under the terms of the bank account and paying agency agreements.

The FCC Paying Agent

The payments on the FCC Notes and the Units shall be made by BNP PARIBAS Securities Services (the “FCC Paying Agent”) under the terms of the bank account and paying agency agreements.

The FCC Statutory Auditors

The FCC statutory auditors have been appointed by the FCC Management Company pursuant to Article L. 214-48 of the French *Code Monétaire et Financier*. The FCC statutory auditors are KPMG Audit.

The FCC Notes

General provisions applicable to the FCC Notes

The FCC Notes are:

- (i) financial instruments (*instruments financiers*) within the meaning of Article L. 211-1 of the French Monetary and Financial Code;
- (ii) transferable securities (*valeurs mobilières*) within the meaning of Article L. 211-2 of the French Monetary and Financial Code; and
- (iii) French law *obligations* as referred to in Article L. 213-5 and Article R 214-99 of the French Monetary and Financial Code, the General Regulations and any other laws and regulations governing *fonds communs de créances*.

Title to the FCC Notes 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 FCC Notes. By subscribing for the FCC Notes, each FCC Noteholder shall be bound by the terms and conditions of the FCC Notes and, more generally, each such FCC Noteholder shall be deemed to have agreed to and

acknowledged the terms of the General Regulations and the applicable FCC Compartment Regulations.

Characteristics of the FCC Notes

Classes of Notes

The Elancourt Compartment will issue, on the Issue Date, the following Notes:

- (i) the FCC Class A1 Notes;
- (ii) the FCC Class B1 Notes; and
- (iii) the FCC Residual Notes.

The Selaht Compartment will issue, on the Issue Date, the FCC Class A2 Notes.

Subject to the provision of the FCC Compartment Regulations of the Elancourt Compartment, the Elancourt Compartment may (but will not be obliged to) issue additional FCC Class B1 Notes (the “Further FCC Class B1 Notes”) to cure any shortfall on the FCC Class A1 Notes. The Further FCC Class B1 Notes will not be purchased by the Issuer.

The FCC Notes are effectively pass through securities and the FCC’s liability to make payment of the FCC Notes will be limited to proceeds received from the French Loans.

The FCC Class A1 Notes, the FCC Class A2 Notes, the FCC Residual Notes and the FCC Class B1 Notes are referred to in this Prospectus as the “FCC Notes”, unless expressly stated to the contrary or unless the context otherwise requires.

Pursuant to Article L. 214-43 of the French *Code monétaire et financier*, FCC Notes may entitle their holders to different rights in respect of the repayment of principal and the payment of interest.

Interest

Interest on the FCC Senior Notes will be payable by reference to three month EURIBOR plus the agreed margin, payable on the same date as payment is due on the Elancourt Loan and the Selaht Loan. Interest on the FCC Residual Notes will be equal to the residual income of the Elancourt Compartment after payment of all prior ranking interest payments and costs, including those related to the FCC Class B1 Notes.

Redemption

The FCC Notes will be repaid in amounts equal to all principal receipts received from the Elancourt Loan and the Selaht Loan and will be fully repayable on the earlier to occur of the relevant Compartment’s liquidation or the final maturity date for the Elancourt Loan and/or Selaht Loan (as applicable).

Representation of the FCC Noteholders

Pursuant to Article L. 228-46 of the French Commercial Code, the FCC Noteholders of each class of FCC Notes will be grouped automatically for the defence of their respective common interests in a masse (hereinafter referred to as the “*Masse*”). Each Masse is, in accordance with Article L. 228-90 of the French Commercial Code, governed solely by the legal provisions that are expressed as applicable to each class of the FCC Notes as stated above and subject to the foregoing paragraph. Each Masse will be governed by the provisions of (i) the French Commercial Code and by French décret no. 67-236 of 23 March 1967, as amended (with the exception that, due to the FCC having no legal personality pursuant to Article L. 214-43 of the French Monetary and Financial Code, the provisions of Article 222 thereof do not apply); (ii) any notices calling for a general meeting of the FCC Noteholders of each class of the FCC Notes (a “General Meeting”); and (iii) any other mandatory provisions from time to time governing obligations issued by *fonds communs de créances*. In accordance with the provisions of Article L. 228-46 of the French Commercial Code, each Masse will be a separate legal entity (*personnalité civile*) and will be represented by one representative (a “FCC Noteholder Representative”).

Each Masse, represented by the relevant FCC Noteholder Representative, will be empowered to exercise all rights, take all actions and claim all benefits, which in each case are common to the holders of the FCC Notes of the relevant Masse, to the exclusion of each FCC Noteholder of that class. Each Masse alone, to the exclusion of all individual FCC Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the FCC Notes.

The office of each FCC Noteholders Representative may be conferred on a person of any nationality provided that such person resides in France. However, the following persons may not be chosen as a FCC Noteholders Representative: (i) the FCC Management Company and the FCC Custodian together with the members of their board of directors (*conseil d'administration*), their general managers (*directeurs généraux*), their statutory auditors, their employees, their ascendants, descendants and spouses; (ii) the Seller; (iii) companies possessing at least ten per cent. of the share capital of the Management Company and/or the Custodian or of which the FCC Management Company and/or the FCC Custodian possess at least ten per cent. of the share capital; (iv) companies guaranteeing all or part of the obligations of the FCC and of the FCC Compartments together with their respective managers (*gérants*), general managers, (*directeurs généraux*), members of their board of directors (*conseil d'administration*), members of their executive board (*directoire*), members of their supervisory board (*conseil de surveillance*), their statutory auditors, their managers, as well as their ascendants, descendants and spouses; and (v) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

In the event that any FCC Noteholders Representative is unable to perform his duties, he will be replaced by an alternative representative (the "FCC Noteholders Alternative Representative").

The FCC Noteholders Alternative Representative replaces the FCC Noteholders Representative when the FCC Noteholders Representative is no longer able to fulfil his duties and upon his receipt of notice by registered mail from the FCC Noteholders Representative, the FCC Management Company, the FCC Custodian or any other interested party of the inability of the FCC Noteholders Representative to fulfil his duties. In the event of such replacement, the FCC Noteholders Alternative Representative shall have the same powers as the replaced FCC Noteholders Representative.

In the event the FCC Noteholders Alternative Representative is unable to perform his duties, a replacement representative will be elected by a meeting of the General Meeting of the holders of the relevant class of FCC Notes.

All interested parties will at all times have the right to obtain the name and the address of the FCC Noteholders Representatives at the head office of the FCC Management Company, the FCC Custodian and at the offices of the FCC Paying Agent.

Pursuant to the provisions of Article L. 228-53 of the French Commercial Code, each FCC Noteholder Representative shall, in the absence of any decision to the contrary of a General Meeting of the relevant FCC Noteholders, have the power to take any acts of management (*actes de gestion*) to protect the common interest of the relevant FCC Noteholders.

The FCC Noteholders Representatives shall not be entitled to interfere in the management of the affairs of the FCC and the FCC Compartment. None of the FCC Noteholders Representatives shall be entitled: (i) to petition or take any action or other steps or legal proceedings for the winding-up, dissolution or liquidation, of the FCC or the FCC Compartments; (ii) to initiate or join any person in initiating any liquidation proceedings in relation to the FCC or the FCC Compartments; or (iii) to take any steps or proceedings that would result in the FCC Compartments Priority of Payments in each of the FCC Compartment Regulations not being observed.

General meetings of the relevant FCC Noteholders may be held in any location and at any time, on convocation either by the FCC Management Company (acting for and on behalf of the FCC) or by the relevant FCC Noteholders Representative. In addition, pursuant to the provisions of Article L. 228-58 of the French Commercial Code, one or more FCC Noteholders of each class of the FCC Notes holding at least one-thirtieth of the outstanding FCC Notes of the relevant class may require, by written demand, the FCC Management Company and the relevant FCC Noteholder Representative to convene a General Meeting of the relevant Masse. If no General Meeting has been convened within two months from the delivery of such demand, the relevant FCC Noteholders may designate one of their number to petition a court to appoint an agent (*mandataire*) who will convene a General Meeting.

A General Meeting is empowered to deliberate on the dismissal and replacement of the FCC Noteholders Representative, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the FCC Notes, including authorising the FCC Noteholders Representative to act as claimant or defendant. A General Meeting may further deliberate on any proposal relating to the modification of the conditions of each class of the FCC Notes (provided that each FCC Noteholders Representative may, without the consent of the FCC Noteholders, agree to any modification of the conditions of each class of the FCC Notes if it is to correct a manifest error or is to make a formal, minor or technical change) .

This includes any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions. It is specified, however, that a General Meeting may not increase the obligations of (including any amounts payable by) the FCC Noteholders nor establish any unequal treatment between the FCC Noteholders of each class of the FCC Notes.

Governing Law

The FCC Notes will be governed by French law.

The FCC Compartments Priority of Payments

Priority of payments in respect of the Elancourt Compartment

Prior to the occurrence of certain material breaches by the Borrower under the Elancourt Loan (which includes non payment of any amounts due) (each a “Material Event of Default”) or any FCC Compartment Liquidation Event, the FCC Management Company, acting for and on behalf of the FCC in respect of the Compartment shall, on each day for payment of interest under the FCC Elancourt Notes, apply the relevant available funds, in accordance with the following priority of payments (the “Elancourt Pre-Material Event of Default Priority of Payments”), as determined by the FCC Management Company pursuant to the terms of the relevant Compartment Regulations. The Elancourt Pre-Material Event of Default Priority of Payments comprise (i) the Elancourt Pre-Material Event of Default Revenue Priority of Payments and (ii) the Elancourt Pre-Material Event of Default Principal Priority of Payments.

(A) Elancourt Pre-Material Event of Default Revenue Priority of Payments:

Prior to the occurrence of any Material Event of Default or any FCC Compartment Liquidation Event, the FCC Management Company, acting for and on behalf of the FCC in respect of the Elancourt Compartment shall, on each day for payment of the interest on the FCC Elancourt Notes, apply revenue receipts from the Elancourt Loan, in accordance with the following priority of payments (the “Elancourt Pre-Material Event of Default Revenue Priority of Payments”) by debiting the relevant Elancourt Compartment Collection Account:

- (i) first, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts due in respect of:
 - (a) the operating expenses of the Elancourt Compartment and, in priority to such payment (if any), payment of any operating expenses arrears of the Elancourt Compartment calculated by the FCC Management Company on the previous payment date and remaining unpaid on such date;
 - (b) any amounts payable to the FCC Liquidity Facility Provider under the Elancourt Liquidity Facility Agreement other than the FCC Liquidity Subordinated Amounts;
- (ii) second, in or towards satisfaction, *pro rata* and *pari passu*, according to the amounts due in respect of the fees and any other costs and expenses payable to the FCC Master Servicer or FCC Special Servicer under the Elancourt Loan Servicing Agreement;
- (iii) third, in or towards satisfaction, *pro rata* and *pari passu*, according to the interest amounts due in respect of the FCC Class A1 Notes and the FCC Class B1 Notes and any Further FCC Class B1 Notes;
- (iv) fourth, to pay FCC Liquidity Subordinated Amounts;
- (v) fifth, in or towards satisfaction, *pro rata* and *pari passu*, according to the amounts due in respect of the FCC Residual Notes; and
- (vi) sixth, on liquidation of the Elancourt Compartment only, in or towards repayment, *pro rata* and *pari passu*, of the Elancourt Units.

(B) Elancourt Pre-Material Event of Default Principal Priority of Payments:

Prior to the occurrence of any Material Event of Default or any Compartment Liquidation Event, the FCC Management Company, acting for and on behalf of the FCC in respect of the Elancourt Compartment shall, on each day for payment of the interest on the FCC Elancourt Notes, apply principal receipts from the Elancourt Loan, in accordance with the following priority of payments (the “Elancourt Pre-Material Event of Default Principal Priority of Payments”) by debiting the relevant Elancourt Compartment Collection Account:

- (i) first, in or towards satisfaction, *pro rata* and *pari passu*, according to the principal amounts due in respect of the FCC Class A1 Notes until the principal amount outstanding of the FCC Class A1 Notes is reduced to zero;
- (ii) second, in or towards satisfaction, *pro rata* and *pari passu*, according to the principal amounts due in respect of the (i) FCC Class B1 Notes until the principal amount outstanding of the FCC Class B1 Notes is reduced to zero and (ii) the Further Class B1 Notes until the principal amount outstanding of the Further Class B1 Notes is reduced to zero;
- (iii) third, in or towards satisfaction, *pro rata* and *pari passu*, according to the principal amounts due in respect of the FCC Residual Notes until the principal amount outstanding of the FCC Residual Notes is reduced to zero.

After the occurrence of any Material Event of Default or any FCC Compartment Liquidation Event, the FCC Management Company, acting for and on behalf of the FCC in respect of the Elancourt Compartment shall, on each day for payment of interest on the FCC Elancourt Notes, apply the revenue funds from the Elancourt Loan in accordance with the following priority of payments (the “Elancourt Post-Material Event of Default Priority of Payments”), as determined by the FCC Management Company pursuant to the terms of the relevant Compartment Regulations. The Elancourt Post-Material Event of Default Priority of Payments comprise (i) the Elancourt Post-Material Event of Default Revenue Priority of Payments and (ii) the Elancourt Post-Material Event of Default Principal Priority of Payments.

(C) Elancourt Post-Material Event of Default Revenue Priority of Payments:

After the occurrence of any Material Event of Default or any FCC Compartment Liquidation Event, the FCC Management Company, acting for and on behalf of the FCC in respect of the Elancourt Compartment shall, on each day for payment of interest on the FCC Elancourt Notes, apply the revenue funds from the Elancourt Loan, in accordance with the following priority of payments (the “Elancourt Post-Material Event of Default Revenue Priority of Payments”) by debiting the relevant Elancourt Compartment Collection Account:

- (i) first, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts due in respect of:
 - (a) the operating expenses of the Elancourt Compartment and, in priority to such payment (if any), payment of any operating expenses arrears calculated by the FCC Management Company on the previous payment date and remaining unpaid on such date;
 - (b) any amounts payable to the FCC Liquidity Facility Provider under the Elancourt Liquidity Facility Agreement excluding FCC Liquidity Subordinated Amounts;
- (ii) second, in or towards satisfaction, *pro rata* and *pari passu*, according to the amounts due in respect of the fees and any other costs and expenses payable to the FCC Master Servicer or FCC Special Servicer under the Elancourt Loan Servicing Agreement;
- (iii) third, in or towards satisfaction, *pro rata* and *pari passu*, firstly according to the interest amounts due in respect of the FCC Class A1 Notes and secondly, to redeem the outstanding principal on the FCC Class A1 Notes to the extent not otherwise redeemed from amounts applied in accordance with the Elancourt Post-Material Event of Default Principal Priority of Payments;
- (iv) fourth, in or towards satisfaction, *pro rata* and *pari passu*, firstly according to the interest amounts due in respect of the FCC Class B1 Notes and any Further FCC Class B1 Notes;
- (v) fifth, to pay the FCC Subordinated Liquidity Amounts;
- (vi) sixth, in or towards satisfaction, *pro rata* and *pari passu*, according to the amounts due in respect of the FCC Residual Notes; and
- (vii) seventh, on the liquidation of the Elancourt Compartment only, in or towards repayment, *pro rata* and *pari passu*, of the Elancourt Units.

(D) Elancourt Post-Material Event of Default Principal Priority of Payments:

After the occurrence of any Material Event of Default or any FCC Compartment Liquidation Event, the FCC Management Company, acting for and on behalf of the FCC in respect of the Elancourt Compartment shall, on each day for payment of interest on the FCC Elancourt

Notes, apply the principal receipts from the Elancourt Loan, in accordance with the following priority of payments (the “Elancourt Post-Material Event of Default Principal Priority of Payments”) by debiting the relevant Elancourt Compartment Collection Account:

- (i) first, in or towards satisfaction, *pro rata* and *pari passu*, firstly according to the amounts due in respect of the full redemption of the FCC Class A1 Notes and secondly, to pay interest due and not paid to the extent not otherwise paid on such notes from amounts applied in accordance with the Elancourt Post-Material Event of Default Revenue Priority of Payments;
- (ii) second, in or towards satisfaction, *pro rata* and *pari passu*, firstly according to the amounts due in respect of the full redemption of the FCC Class B1 Notes and the amounts due in respect of the full redemption of the Further Class B1 Notes and secondly, to pay interest due and not paid to the extent not otherwise paid on such notes from amounts applied in accordance with the Elancourt Post-Material Event of Default Revenue Priority of Payments;
- (iii) third, in or towards satisfaction, *pro rata* and *pari passu*, according to the amounts due in respect of the full redemption of the FCC Residual Notes;
- (iv) fifth, on the liquidation of the Elancourt Compartment only, in or towards repayment, *pro rata* and *pari passu*, of the Elancourt Units.

“FCC Liquidity Subordinated Amounts” means any amounts in respect of increased costs, mandatory costs and tax gross up amounts payable to the FCC Liquidity Facility Provider to the extent that such amounts exceed 0.30 per cent. per annum of the commitment provided under the Elancourt Liquidity Facility Agreement or the Selaht Liquidity Facility Agreement, as applicable.

Priority of payments in respect of the Selaht Compartment

The priorities of payments in respect of the Selaht Compartment are substantially the same as that for the Elancourt Compartment and provide for revenue and principal collections to be paid into and out of the relevant Selaht Compartment Collection Account. References above to FCC Class A1 Notes will be to FCC Class A2 Notes instead in the priorities of payments in respect of the Selaht Compartment. There are no payments in respect of FCC Junior Notes and references to FCC Class B1 Notes or FCC Residual Notes are irrelevant for the priorities of payments in respect of the Selaht Compartment.

Rights and obligations of the FCC Noteholders

The FCC Noteholders shall have the rights which result from applicable laws, the General Regulations and the applicable FCC Compartment Regulations.

The FCC Noteholders shall be regularly informed by the FCC Management Company of the operation of the FCC.

Taxation of the FCC Notes

The FCC Notes being denominated in Euro will be deemed to be issued outside the Republic of France and, accordingly, under current French law, interest and other revenues in respect of the FCC Notes will benefit from the exemption from deduction of tax at source on account of French taxes provided by Article 131 *quater* of the French General Tax Code (*Code Général des Impôts*). Accordingly, such payments will not give the right to any tax credit from any French source.

If French law or any other relevant law should require that any payment of principal or interest in respect of the FCC Notes be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any authority therein or thereof having power to tax, payments of principal and interest in respect of the FCC Notes shall be made net of any such withholding tax or deduction for or on account of any French or any other tax law applicable to the FCC Notes in any relevant state or jurisdiction and the FCC, with respect to the Compartment, shall be under no obligation to pay additional amounts as a consequence of any such withholding or deduction.

Issuance and placement of the Notes

The FCC Class A1 Notes and the FCC Class A2 Notes are ordinary debt instruments to be privately placed in France with providers of investment services relating to portfolio management for the

account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and qualified investors (*investisseurs qualifiés*) within the meaning of Article L. 411-2 and Article D. 411-2 of the French *Code monétaire et financier* and with non-French resident investors.

The FCC Class B1 Notes and the FCC Residual Notes are *titres de créances spécifiques* within the meaning of Articles R. 214-92 to R. 214-115 of the French *Code monétaire et financier*. They may therefore only be acquired and held by qualified investors (*investisseurs qualifiés*) within the meaning of 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*.

SAGRES

Status

SAGRES is a limited liability company registered and incorporated in Portugal as a special purpose vehicle for the purpose of issuing asset-backed securities, on 10 July 2003 under the Portuguese Securitisation Law and has been duly authorised by the Portuguese securities supervising authority (*Comissão do Mercado de Valores Mobiliários*, the “CMVM”) through a resolution of the board of directors of the CMVM obtained on 31 July 2003 for an unlimited period of time and was given registration number 13589 at the Commercial Registry office of Lisbon.

The registered office of SAGRES is at Rua Barata Salgueiro, No. 30, 4, 1269-056, Lisbon, Portugal. SAGRES has no subsidiaries.

Principal activities

The principal objects of SAGRES are set out in its articles of association (*Estatutos or Contrato de Sociedade*) and permit, *inter alia*, the purchase of a number of portfolios of assets from public and private entities and the issue of notes in series to fund the purchase of such assets and the entry into of such transaction documents to effect the necessary arrangements for such purchase and issuance including, but not limited to, handling enquiries and making appropriate filings with Portuguese regulatory bodies and any other competent authority and any relevant stock exchange.

Directors and secretary

The directors of SAGRES and their respective business addresses and their principal occupations are:

Name	Business Address	Principal Occupation
Paulo Alexandre Gray Pereira	Rua Barata Salgueiro, No. 30, 4, 1269-056, Lisbon, Portugal	Citigroup Officers
Luis Paulo Glória Picardo de Sousa	Rua Barata Salgueiro, No. 30, 4, 1269-056, Lisbon, Portugal	Citigroup Officers
Luís Maria Navarro de Melo Ferreira Aguior . .	Rua Barata Salgueiro, No. 30, 4, 1269-056, Lisbon, Portugal	Citigroup Officers

There are no potential conflicts of interest between any duties of the persons listed above to SAGRES and their private interests.

SAGRES's auditor is KPMG & Associates – SROC, S.A., registered with *Ordem dos Revisores Oficiais de Contas* with the no. 189, having its offices at Av. Praia da Vitória, 71-A, 110, Lisbon, Portugal represented by Ana Cristina Soares Valente Dourado, ROC nr.1011.

SAGRES has no employees. The directors are officers of Citigroup. The secretary of SAGRES is Duarte Manuel Teles Raposo Pinho de Oliveira with offices at Rua Barata Salgueiro, No. 30, 4, 1269-056, Lisbon, Portugal.

The Portuguese Securitisation Law governing SAGRES' Activities

Portuguese Securitisation Law

Decree-Law 453/99 of 5 November 1999 as amended by Decree-Law 82/2002 of 5 April 2002, Decree-Law 303/2003 of 5 December 2003 and Decree law 52/2006 of 15 March 2006 (together, the “Portuguese Securitisation Law”) has implemented a specific securitisation legal framework in Portugal, which contains a simplified process for the assignment of credits. The Portuguese Securitisation Law regulates, among other things (i) the establishment and activity of Portuguese

securitisation vehicles; (ii) the type of credits that may be securitised and (iii) the entities which may assign credits for securitisation purposes. Some of the most important aspects of this legal framework include:

- (i) the establishment of special rules facilitating the assignment of credits (including mortgage loans) in the context of securitisation transactions;
- (ii) the types of originators/assignors which may assign their credits pursuant to the Portuguese Securitisation Law;
- (iii) the types of credits that may be securitised and the legal eligibility criteria such credits have to comply with; and
- (iv) the creation of two different types of securitisation vehicles: (i) Credit Securitisation Funds (*Fundos de Titularização de Créditos* – “FTC”), and (ii) Credit Securitisation Companies (*Sociedades de Titularização de Créditos* – “STC”).

Portuguese Securitisation Tax Law

See “*Taxation – Portuguese Taxation Relating to the SAGRES Notes*” below.

STC securitisation companies

STCs are established for the exclusive purpose of carrying out securitisation transactions in accordance with the Portuguese Securitisation Law. The following is a description of the main features of an STC.

Corporate structure

STCs are commercial companies (“*sociedades anónimas*”) incorporated with limited liability, having a minimum share capital of €250,000. The shares in STCs can be held by one or more shareholders.

STCs are subject to the supervision of the CMVM and their incorporation is subject to the prior authorisation by the CMVM. STCs are subject to ownership requirements. A prospective shareholder must obtain approval from the CMVM in order to establish an STC. Such approval is granted when the prospective shareholder shows that it is capable of providing the company with a sound and prudent management.

If the shares in an STC are to be transferred to another shareholder or shareholders, prior authorisation of the CMVM of the prospective shareholder has to be obtained. The interest of the new shareholder in the STC has to be registered within 15 days of the purchase.

Regulatory compliance

In order to ensure the sound and prudent management of STCs, the Portuguese Securitisation Law provides that the members of the board of directors and the members of the board of auditors meet high standards of professional qualification and personal reputation.

The members of the board of directors and the members of the board of auditors must be registered with the CMVM.

Corporate object

STCs can only be incorporated for the purpose of carrying out one or more securitisation transactions by means of the acquisition, management and transfer of receivables and the issue of securitisation notes for payment of the purchase price for the acquired receivables.

An STC may primarily finance its activities with its own funds and by issuing notes.

Without prejudice to the above, pursuant to the Portuguese Securitisation Law, STCs are permitted to carry out certain financial activities, but only to the extent that such financial activities are (i) ancillary to the issuance of the securitisation notes, and (ii) aimed at ensuring that the appropriate levels of liquidity funds are available to the STC.

Types of credits which may be securitised and types of assignors

The Portuguese Securitisation Law sets out details of the types of credits that may be securitised and the specific requirements which are to be met in order for such credits to be securitised.

The Portuguese Securitisation Law allows a wide range of originators to assign their credits for securitisation purposes including the Republic of Portugal, public entities, credit institutions, financial companies, insurance companies, pension funds, pension fund management companies and other

corporate entities whose accounts have been audited for the last three years by an auditor registered with the CMVM.

Financial statements

Audited financial statements of SAGRES are published on an annual basis and are certified by an auditor registered with the CMVM.

Insolvency of SAGRES

SAGRES is a special purpose vehicle and as such it is not permitted to carry out any activity other than the issue of securitisation notes and certain activities ancillary thereto including, but not limited to, the borrowing of funds in order to ensure that securitisation notes have the necessary liquidity support and the entering into of documentation in connection with each such issue of securitisation notes.

Capital requirements

The Portuguese Securitisation Law imposes on SAGRES certain capitalisation requirements for supervisory purposes.

The level of capitalisation of SAGRES is determined by reference to the nominal amount outstanding of notes issued by SAGRES and traded (in circulação) at any given point in time. Apart from the minimum share capital, an STC must meet further own funds levels depending upon the nominal amount outstanding of the securitisation notes issued. In this respect, (a) if the nominal amount outstanding of the SAGRES Notes issued and traded is €75 million or less, the own funds of SAGRES shall be no less than 0.5 per cent. of the nominal amount outstanding of such notes, or (b) if the nominal amount outstanding of the SAGRES Notes issued and traded exceeds €75 million, the own funds of SAGRES, in relation to the portion of the nominal amount outstanding of the SAGRES Notes in excess of €75 million, shall be 0.1 per cent. of the nominal amount outstanding of such notes.

An STC can use its own funds to pursue its activities. However if, at any time, the STC's own funds fall below the percentages referred to above the STC must, within three months, ensure that such percentages are met. CMVM will supervise SAGRES in order to ensure that it complies with the relevant capitalisation requirements.

The required level of capitalisation can be met, *inter alia*, through share capital, ancillary capital contributions (*prestações acessórias*) and reserves as adjusted by profit and losses. The entire authorised share capital of SAGRES comprises 50,000 issued and fully paid shares (the "Shares") of €5 each.

The amount of ancillary capital contributions (*prestações acessórias*) made by Citigroup Financial Products Inc., a private limited liability company incorporated under the laws of the United States of America (the "Shareholder") is €4,250,000.

The Shareholder

All of the Shares are held directly by the Shareholder.

Capitalisation of SAGRES

The following table and financial information sets out the capitalisation and indebtedness of SAGRES, adjusted to give effect to the issue of the SAGRES Notes on the Issue Date.

Indebtedness as at the Issue Date:

Since its incorporation, SAGRES has entered into five securitisation transactions pursuant to which it has issued the following asset-backed securities:

Transaction	Issue Date	Maturity Date	Tranches	Principal amount issued (Euro)	Asset Identification Code No.
1	18 Nov 2003	20 Nov 2009	1	25,519,865	200310SGRDIVNXXN0001
2	20 April 2004	20 Sept 2012	6	1,663,000,000	200312SGRESS00S0001
3	25 Nov 2004	20 Sept 2047	1	283,810,000	200410SGRBCANXXN0002
4	6 April 2005	21 Nov 2039	4	500,010,000	200503SGRBPIS14N0003
5	24 April 2005	21 June 2056	5	1,509,000,000	200511SGRBPINXXN0004

SAGRES has not issued any convertible or exchangeable securities or notes.

SAGRES own funds

The current value of SAGRES' own funds complies with the capital requirements applicable to STCs pursuant to Article 43 of the Securitisation Law (Decree-Law 359/99 of 5 November 1999).

The SAGRES Notes

Statutory segregation for the SAGRES Notes, right of recourse and SAGRES obligations

The SAGRES Notes will have the benefit of the statutory segregation provided for by Article 62 of the Portuguese Securitisation Law which provides that the assets and liabilities (*património autónomo*) of SAGRES in respect of each SAGRES transaction entered into by SAGRES are completely segregated from the other assets and liabilities of SAGRES.

The CMVM, pursuant to Article 62 of the Portuguese Securitisation Law, has assigned asset identification code 200606SGRCITNXXN0005 to the SAGRES Notes.

In accordance with the terms of Article 61 and the subsequent articles of the Portuguese Securitisation Law the right of recourse of the SAGRES Noteholder is limited to the specific pool of assets, including the Portuguese Loans, the SAGRES Account, SAGRES's rights in respect of the SAGRES Transaction Documents and any other right and/or benefit, either contractual or statutory, relating thereto, purchased or received by SAGRES in connection with the SAGRES Notes. Accordingly, the obligations of SAGRES in relation to the SAGRES Notes and under the SAGRES Transaction Documents are limited in recourse in accordance with the Portuguese Securitisation Law to the SAGRES transaction assets.

SAGRES Priority of Payments

- (i) Prior to the Trustee or Issuer giving SAGRES an acceleration notice following an event of default under the SAGRES Notes (a "SAGRES Acceleration Notice"), all SAGRES revenue receipts will be paid by the SAGRES Cash Manager on each day interest is due on the SAGRES Notes in the following order of priority:
 - (a) in or towards payment, *pro rata* and *pari passu*, according to amounts then payable, of all amounts then payable to the third parties under the SAGRES Transaction Documents as operating expenses payable to any cash manager, agent bank or paying agent (the "SAGRES Agent Banks") and any management fee due to SAGRES;
 - (b) in or towards satisfaction of the SAGRES's liabilities to third parties incurred in connection with the SAGRES Notes and not otherwise provided for in this order of priorities including the provision for payment of any liability to corporation tax;
 - (c) in or towards payments, *pro rata* and *pari passu*, according to amounts then payable, of all amounts then payable under the SAGRES Servicing Agreement;
 - (d) in or towards payment, *pro rata* and *pari passu*, all amounts of interest then due on the SAGRES Notes;
 - (e) in or towards payment of the SAGRES Loan Residual Consideration under the SAGRES Mortgage Sale Agreement; and
 - (f) in or towards payments, *pro rata* and *pari passu*, all residual amounts then due in respect of the SAGRES Notes.

All amounts paid by the relevant Borrowers by way of principal repayment or recovered as principal recoveries in respect of the Credit Agreements relating to the Portuguese Loans are to be applied to repay the SAGRES Notes.

- (ii) Following the giving of an Acceleration Notice, all SAGRES available funds received pursuant to the Credit Agreements relating to the Portuguese Loans, as and when the same are available, shall be paid in the following order of priority:
 - (a) in or towards payment, *pro rata* and *pari passu*, according to amounts then payable, of all amounts then payable as operating expenses to the SAGRES Agent Banks, any management fee due to SAGRES and all amounts then payable under the SAGRES Servicing Agreement;
 - (b) in or towards payment, *pro rata* and *pari passu*, according to amounts then payable, as interest and principal under the SAGRES Notes;
 - (c) in or towards satisfaction of the SAGRES's liabilities to third parties incurred in the course of its business and not otherwise provided for in this order of priorities including the provision for payment of any liability to corporation tax;

- (d) in or towards payment of the SAGRES Loan Residual Consideration under the SAGRES Mortgage Sale Agreement; and
- (e) in or towards payments, *pro rata* and *pari passu*, all residual amounts then due in respect of the SAGRES Notes.

TRANSACTION DOCUMENTS

Mortgage Sale Agreements

Consideration

Pursuant to the terms of Mortgage Sale Agreements entered into by the Issuer or SAGRES, as the case may be, the Sellers and the Trustee (in respect of the Direct Loans only), the Sellers will transfer to the Issuer or SAGRES, as the case may be, their respective right, title, interest and benefit, present and future, in and to the relevant Loans and beneficial interest in the Related Security on the Issue Date (and their interest in any existing fixed/floating swap transactions, currency swap transactions or basis swap transactions). Consequently, as and from the Issue Date, the Issuer or SAGRES, as the case may be, will be a lender under the Credit Agreements.

Pursuant to the terms of the FCC Mortgage Sale Agreements entered into by the FCC, the FCC Compartments and Citibank International plc, Citibank International plc will transfer to the FCC, on the Issue Date, title to the Elancourt Loan and Selaht Loan and their Related Security, which will be allocated to the Elancourt Compartment and the Selaht Compartment respectively.

The initial purchase consideration payable on the Issue Date by the Issuer, the FCC or SAGRES, as the case may be, to the Sellers pursuant to the Mortgage Sale Agreements is expected to be equal to the aggregate of €302,484,352 for Citibank International plc and €327,856,359 for Citibank, N.A., London Branch, each amount being equal to the sum of the aggregate principal amount of their respective Loans in the Loan Pool on the Cut-Off Date. In addition, Citibank International plc and Citibank, N.A., London Branch will be due an amount equal to interest due to be paid or accrued and unpaid as at the Issue Date in respect of any period ending on or before the Issue Date under or in respect of their respective Loans, this amount being the “Residual Consideration”. The Residual Consideration will, until paid in full, be payable: (i) in respect of the French Loan Residual Consideration on each FCC Note Interest Payment Date out of funds that would, but for the requirement to pay the French Loan Residual Consideration, be available to pay the FCC Residual Interest; (ii) in respect of the SAGRES Loan Residual Consideration on each SAGRES Note Interest Payment Date out of funds that would, but for the requirement to pay the SAGRES Loan Residual Consideration, be available to pay the SAGRES Residual Interest; and (iii) in respect of the Direct Loan Residual Consideration on each Interest Payment Date out of funds that would, but for the requirement to pay the Direct Loan Residual Consideration, be available to pay the interest on the Class R Notes.

Representations and warranties

Neither the Issuer, the FCC or SAGRES, as the case may be, 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 Related Security. In addition, neither the Issuer, the FCC or SAGRES, as the case may be, 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 Mortgage 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 Related Security.

In relation to all of the foregoing matters concerning the Loans and the Related Security and the circumstances in which the Loans were made to the Borrowers prior to the transfer of the Loans to the Issuer, the FCC or SAGRES, as the case may be, the Issuer, the FCC or SAGRES, as the case may be, and the Trustee will rely entirely on the representations and warranties to be given by each Seller to the Issuer, the FCC or SAGRES, as the case may be, and the Trustee which are contained in the Mortgage Sale Agreements.

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 First Seller (in respect of the Bastuban Loan, Elancourt Loan, Selaht Loan, Nawon Loan, Degi – Expo Tower Loan and Degi – Entrecampos Loan) and by the Second Seller (in respect of the Sunrise Loan and Nibelung Loan) under the Mortgage Sale Agreements will include:

1 Particulars of the Loans

The particulars of each Loan, mortgage(s) and Property(ies) set out in the Mortgage Sale Agreement are complete, true and accurate in all material respects.

2 Business carried out at Properties

- (i) No Property was (as at the origination date of its related Loan) and, to the best of the Seller's knowledge and belief, is utilised other than as office premises and/or retail premises and/or car park premises and/or social housing and/or industrial premises.
- (ii) In relation to each Borrower, either prior to the date of the initial advance to such Borrower or within any period after the making of such initial advance agreed to by the Seller and as at the date of the most recent site visit, such Borrower has obtained all authorisations and licences which are required by it in connection with its business or intended business.

3 Title and security

- (i) The Seller was or will be immediately prior to execution and delivery of the Mortgage Sale Agreement owner of the relevant Loan in the Portfolio and of all other Related Security it purports to sell, free and clear of all security interests and has a good and marketable title to the Property. Security interest means any mortgage, mortgage pre-notation, standard security, sub-standard security, pledge (including any pledge operating by law), lien, charge, assignment, assignation, hypothecation or security interest or other agreement or arrangement having the effect of conferring security in the jurisdiction of Germany, France, Belgium, Portugal or Sweden, as applicable.
- (ii) In the case of each Property, there is evidence that the relevant Borrower had at the date of the initial advance under the Loan a good and marketable title to the relevant Property.
- (iii) Legal title to each Loan, and its Related Security is held by the Seller or the relevant Security Agent, in each case free and clear of all security interests and equities (including, without limitation, rights of set-off or counterclaim).
- (iv) Each mortgage constitutes a valid and subsisting first charge by way of legal mortgage over the Property to which it relates (except in respect of the Nawon Loan), subject only to registration or recording of such mortgage at any relevant registries and (in such cases) there is nothing to prevent such registration or recording being effected in due course.
- (v) In relation to each Loan, its Related Security secures the repayment of all principal, interest, costs, liability and expenses from time to time due under the relevant Credit Agreement (under Portuguese law mortgages can only secure payment of interest for three years).
- (vi) Each Loan was originated by the Seller.
- (vii) Each Loan and its Related Security constitutes the valid, binding and enforceable obligation of the relevant Borrower, subject to laws relating to liquidation, bankruptcy, insolvency, moratorium, administration, reorganisation, receivership, conservatorship, arrangement, composition or other similar laws affecting creditors' rights generally, or the rules governing the availability of orders for specific performance, injunctive relief or other equitable remedies and by general equitable or legal principles.
- (viii) All steps necessary to perfect the title of the Seller to the relevant Loan and the relevant Security Agent's rights to the Related Security were duly taken at the appropriate time or are in the process of being taken, in each case (where relevant) within any applicable priority periods or time limits for registration, with all due diligence and without undue delay.
- (ix) The Seller has (other than in accordance with the provisions of the Transaction Documents) (whether absolutely or by way of security only) not assigned, transferred, charged, disposed of, dealt with or otherwise created or allowed to arise or subsist any security interest in respect of any of its right, title, interest and benefit in or to any of the Loans and mortgages, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold or assigned pursuant to the relevant Mortgage Sale Agreement in any way whatsoever.
- (x) The Seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Loan or its mortgage, other than waivers and acquiescence which a Prudent Mortgage Lender might make. "Prudent Mortgage Lender" means a prudent lender acting reasonably where such lender's principal business or a portion of its principal business involves lending to borrowers in Germany, France, Belgium, Portugal, the Netherlands, Gibraltar and Sweden, as relevant and where the Loan is secured primarily over commercial or investment property or properties located in Germany, France, Belgium, Portugal and Sweden, as relevant.

4 Form of Loans etc.

None of the Loans have been amended subsequent to origination or subsequent to their amendment and restatement to add to, lessen, modify or otherwise vary such provisions in any material respect, subject to the waiver, deletion of, addition to or amendment of such provisions as would have been within the discretion of a Prudent Mortgage Lender at the date of the relevant documentation.

5 Terms of the Loans etc.

- (i) Neither the entry by the Seller into the Mortgage Sale Agreement nor any transfer, assignment, assignation or declaration of trust contemplated by the Mortgage Sale Agreement nor the disclosure by the Seller of any information in respect of the Portfolio affects or will adversely affect any of the Loans and their Related Security. The Seller may freely and validly assign its interest therein without breaching any term or condition applying to any of them.
- (ii) The original executed copies of the documentation entered into in connection with each Loan and mortgage and the title deeds relating thereto are held by the Seller or the relevant Security Agent or to the order of the Seller or the relevant Security Agent or are kept on public record by a notary (as the case may be).
- (iii) No Loan carries a right to payment of principal of less than the purchase price payable under the relevant Mortgage Sale Agreement.
- (iv) No Loan is currently repayable in a currency other than Euro with the exception of the Bastuban Loan which is repayable in Swedish Krona. With the exception of the Bastuban Loan, no Borrower has the right to make, or to elect to make, any payment in respect of any Loan in a currency other than Euro.
- (v) Each Loan is fully repayable on or prior to the end of February 2011.
- (vi) No Credit Agreement contains any obligation to release any retentions or to pay fees or other sums relating thereto to any Borrower.
- (vii) No Credit Agreement contains any obligation (whether or not subject to conditions precedent) on the part of the Seller to make a further advance thereunder and no part of any advance pursuant to the relevant Loan has been retained by the Seller pending compliance by the relevant Borrower with any other conditions.
- (viii) Prior to the date of any Loan and its Related Security, the nature of, and amount secured by, such Loan and its Related Security and the circumstances of the relevant Borrower would, as at that date, have been acceptable to a Prudent Mortgage Lender.

6 Records

The Seller has, since the origination by it of each relevant Loan, kept or procured the keeping of full and proper records showing all material transactions, payments, receipts, proceedings and notices, in each case relating to each Loan.

7 Valuations

- (i) Each Property was valued by an independent valuer instructed by or on behalf of the Seller either within the six month period prior to the date of advance of the relevant Loan or, if outside such six month period, the extension period agreed by an authorised senior officer of the Seller.
- (ii) In respect of each such valuation as is referred to in paragraph (i), the Seller received from the relevant valuer a form of report in respect of the relevant valuation(s) in a form and content which would be acceptable to a Prudent Mortgage Lender.
- (iii) The Seller is not aware (from any information received by it in the course of administering the Loans without further inquiry) of any circumstances giving rise to a material reduction in the value of any Property since the relevant valuation date (other than market forces affecting the value of properties comparable to the relevant Property in the area where the relevant Property is located).

8 Fraud

The Seller is not aware of any fraud in relation to any Loan or any Related Security.

9 Professionals

- (i) Save for settlement in the ordinary course of business, the Seller has not excluded, restricted or waived any of its rights against valuers, lawyers, notaries or other professionals (other than accepting limitations of liability in accordance with the standard terms of engagement of such professionals which would be acceptable to a Prudent Mortgage Lender) who have carried out work on behalf of the Seller in connection with any Loan in any material respect.
- (ii) Prior to the taking of any mortgage, the Seller instructed its lawyer or notary to carry out an investigation of title to the relevant Property and to undertake the necessary searches and enquiries. In each case, the Seller received a report from the lawyer or notary in respect of the Property which related, without limitation, to the good and marketable title of the Property.
- (iii) To the best of the Seller's knowledge and belief, no report on title, certificate or letter given by any lawyer or notary in connection with any mortgage was negligently or fraudulently prepared by that lawyer or notary and each such report on title did not fail to disclose any fact or circumstance relating to the Loan, the Borrower or the Property which ought reasonably to have been disclosed by that valuation and which, if disclosed, would have caused a Prudent Mortgage lender to decline to proceed with such Loan.
- (iv) To the best of the Seller's knowledge and belief no valuation given by a valuer in connection with any Loan was negligently or fraudulently undertaken by that valuer and each such valuation did not fail to disclose any fact or circumstance relating to the Property which ought reasonably to have been disclosed by that valuation and which, if disclosed, would have caused a Prudent Mortgage Lender to decline to proceed with that Loan or any further advance secured by that mortgage, as the case may be.

10 Leasehold Properties

The Seller has not received written notice of any default that has not been remedied or forfeiture of any leases granted in respect of a Property or of the insolvency of any tenant which would render the relevant Property unacceptable as security for the relevant Loan.

11 Lending criteria

Prior to the making of each advance comprised in a Loan, the Seller, as originator applied the then applicable lending criteria in all material respects subject always to the waiver or variation of, or addition to, such guidelines and all preconditions or any of them as may have been acceptable to a Prudent Mortgage Lender at that time.

12 Litigation

- (i) The Seller has not received, in respect of any Loan or its Related Security, any written notice of any material litigation or material dispute or material complaint (subsisting, pending or, to the best of the Seller's knowledge and belief, threatened) (other than letters of demand in relation to any Loan) between the Seller and any Borrower in relation to any Loan or its Related Security.
- (ii) There is no litigation, dispute or complaint which is subsisting, pending or (to the best of the Seller's knowledge and belief) threatened which materially adversely affects any Property or which will have, or in the view of the Seller (acting reasonably) is likely to have, a material adverse effect on the value or enforceability of the mortgage or the relevant Loan.
- (iii) No Loan or its Related Security has been discharged, terminated, cancelled, rescinded or repudiated and neither the Seller nor any of the Borrowers has given any written intention on or prior to the Issue Date to cancel, rescind or repudiate its Loan and/or mortgage and/or any other Related Security, other than by reason of a Loan maturing, being repaid or being enforced.

13 Direct debits and seasoning

- (i) The Seller holds a current variable direct debit mandate from each Borrower or some other method of payment acceptable to the Seller has been agreed with the Borrower in respect of payments of interest and/or principal to be made by the Borrower pursuant to the relevant Loan and at least one successful direct debit collection or payment by another method acceptable to the Seller has been made from each Borrower.

- (ii) As at the Issue Date, the Seller has not received any notice that any Borrower has cancelled its direct debit in relation to any Loan provided that where, at the Borrower's instigation, the Seller has agreed with the Borrower that the payment by direct debit shall not apply to such Borrower, a standing order, alternative payment arrangements or new direct debit instructions have been made which aim to ensure the timely payments due under the relevant Loan.

14 Tax

- (i) No transfer of any Loan or Related Security pursuant to the Mortgage Sale Agreements is liable to stamp duty, stamp duty reserve tax or stamp duty land tax.
- (ii) All documents which are or may be material in establishing the Seller's title to any of the Loans and/or Related Security or which may be needed to enforce any Loan or mortgage and which are stampable have been duly stamped.
- (iii) Any payments made by a Borrower in connection with any Loan may be made to a person in a relevant jurisdiction that is within the charge to tax (or credit institutions in respect of the Portuguese Loans) in respect of the Loan free and clear of, and without withholding or deduction for, any taxes, duties, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction or any political subdivision or authority thereof or therein having the power to tax.

15 Borrowers

- (i) The Seller has not received notice of the death, insanity, bankruptcy, receivership, administration, liquidation or insolvency of any Borrower.
- (ii) No Borrower is an employee of the Seller.

16 Arrears and enforcement

- (i) Without prejudice to paragraph (iii) below, to the best of the Seller's knowledge and belief no Borrower is in breach of any material obligation owed in respect of the relevant Loan or under any Related Security or of any outstanding event, which with the giving of notice and/or the expiration of any applicable grace period and/or the making of any determination, would constitute such breach.
- (ii) No steps have been taken by or on behalf of the Seller to commence possession proceedings or appoint a receiver or administrator in respect of any Loan or Related Security.
- (iii) There is no Loan in respect of which any scheduled payment due by the relevant Borrower is or has been, in the six month period ending on the Issue Date, more than 30 days past due.
- (iv) In relation to the advance under each Loan, the Seller has received at least one scheduled payment of principal or interest due from the relevant Borrower.

17 Compliance with environmental laws

To the best of the Seller's knowledge and belief each Property is in compliance with all applicable environmental laws.

18 Insurance

- (i) As far as the Seller is aware, having used reasonable endeavours to ensure the same, each Property is insured as required by the terms of the relevant Credit Agreement.
- (ii) The Seller has not received and, where appropriate (so far as the Seller is aware) the Security Agent has not received written notice that any insurance policy is about to lapse on account of the failure by the relevant entity maintaining insurance to pay the relevant premiums.
- (iii) The Seller is not aware of any material outstanding claim in respect of any insurance policy.

19 Finance Documents

The obligations of the Seller under the Finance Documents constitute legally valid and binding obligations of, and are enforceable against, the Seller.

The representations and warranties given by the Sellers in connection with their respective Loans and the Related Security under the Mortgage Sale Agreement are referred to as the Loan Warranties.

Purchase by the relevant Seller on breach of Loan Warranty

If there is a material breach of any Loan Warranty by a Seller, the relevant Seller will, if the breach cannot be remedied or (if capable of remedy) has not been remedied within a period of 30 days from the date on which the relevant Seller or the Issuer or SAGRES, as applicable, first became aware of the relevant breach, be required to purchase the relevant Loan and Related Security sold or transferred to the Issuer or SAGRES, as applicable, from the Issuer or SAGRES, as applicable, for a consideration equal to the then current outstanding principal balance of the relevant Loan plus any accrued but unpaid interest thereon up to and including the date of repurchase, or if such date is not an Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full, the immediately following Interest Payment Date together with any additional costs incurred by the Issuer or SAGRES, as applicable, in respect of such repurchase (including any swap termination payments due to the Swap Counterparty arising as a result of the repurchase).

If the Seller under either of the FCC Mortgage Sale Agreements or the FCC Management Company becomes aware that there is a material breach of any Loan Warranty by the Seller, at any time after the Issue Date or that any of the Loan Warranties made by the Seller were false or incorrect on the Issue Date, then that party shall inform the other party without delay. If the breach cannot be remedied or (if capable of remedy) has not been remedied within a period of 30 days from the date on which the relevant Seller or the FCC Management Company first became aware of such an event, the transfer of the affected French Loan from the Seller to the relevant FCC Compartment pursuant to either of the FCC Mortgage Sale Agreements shall automatically be deemed null and void without any further formalities (*résolu de plein droit*) and the Seller shall indemnify the relevant FCC Compartment for an amount being equal to the sum of (i) the current outstanding principal balance of the relevant affected French Loan as at the indemnification date and (ii) any unpaid amounts of interest, expenses and accessories relating to the affected French Loan as at the indemnification date or, if such date is not an interest payment date of the FCC Notes, the immediately following interest payment date of the FCC Notes.

Liquidity Facility Agreement

General

On or before the Issue 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 there is a shortfall in the Revenue Funds to pay any Revenue Priority Amounts (as defined below). Drawings under the Liquidity Facility (other than Liquidity Stand-by Drawings) shall be referred to as “Liquidity Drawings”. The Liquidity Facility will also, subject to certain conditions, be available to be drawn by or on behalf of the Issuer to make payments of Revenue Priority Amounts. The Liquidity Facility committed amount will be for an initial amount of €44,360,000 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 7 per cent. of the outstanding principal balance of the Loans at any time, provided that such amount shall not be less than €3,500,000 at any time.

Revenue Priority Amounts

If on any Business Day prior to delivery of an Acceleration Notice or the Notes otherwise becoming due and payable in full or steps being taken by the Trustee to enforce the Issuer Security, the Cash Manager on behalf of the Issuer determines that there is a shortfall in the Revenue Funds, that can be applied on behalf of the Issuer, to pay in full on any Interest Payment Date any of the items specified in (i) to (vii) (inclusive), (ix), (xi), (xiii), (xv) and (xvii) of the Pre-Enforcement Revenue Priority of Payments (save as provided below), (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 amount of the Revenue Priority Amount Drawing must not exceed the Available Commitment (as defined in the Liquidity Facility Agreement) at the time of the request and is subject to reduction as set out in the paragraph (*Loan Income Deficiency Drawings Reductions*) below. Further, the Issuer

shall not be entitled to make a Revenue Priority Amount Drawing in order to pay amounts of interest due or unpaid on each of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, if the amount debited to the Principal Deficiency Ledger in respect of that Note is equal to or greater than 50 per cent. of the Principal Amount Outstanding of that Note. The proceeds of any Revenue Priority Amount Drawing will be credited to the Issuer Revenue Account, and applied by the Cash Manager on behalf of the Issuer in making payment of the Revenue Priority Amounts.

Revenue Priority Amounts include the repayment of any Protection Advance made by the Master Servicer and/or the Special Servicer in respect of the Direct Loans.

Loan Income Deficiency Drawings Reductions

The Borrowers are required to pay scheduled amounts of interest and/or principal under the terms of the relevant Credit Agreement. In the event that there is a shortfall in the amount of scheduled interest paid by a Borrower of a Loan (a “Shortfall Loan”) on any Loan Interest Payment Date, the Master Servicer will notify the Cash Manager of such shortfall and the Cash Manager will, if required, make a Revenue Priority Amount Drawing as set out above. The amount of the Revenue Priority Amount Drawing that is attributable to a Shortfall Loan is, in respect of each such Shortfall Loan, a “Loan Income Deficiency Drawing Amount”. Each Loan Income Deficiency Drawing Amount will, at any time an Appraisal Reduction has occurred and is continuing in respect of such Shortfall Loan, be reduced by the relevant Appraisal Reduction Percentage and the Revenue Priority Amount Drawing will be reduced accordingly.

Appraisal Reductions

Subject to the provisions described in the following paragraph, the Special Servicer must, not later than 30 days after the occurrence of a Special Servicing Event, if the relevant Loan Event of Default is continuing, and the Master Servicer or Special Servicer (as the case may be) must, not later than 30 days after receipt of a written request from the Trustee, obtain a valuation (an “Appraisal Valuation” and the resulting value being the “Appraisal Value”) in respect of the relevant Property. The costs of obtaining an Appraisal Valuation will be paid by the Master Servicer or the Special Servicer, as applicable, subject to being reimbursed in accordance with the terms of the relevant Servicing Agreement.

The Relevant Servicer will not be obliged to obtain the relevant Appraisal Valuation if an Appraisal 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 Appraisal Valuation unless requested by the Trustee.

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 any secured account in respect of such items), insurance premiums, and if applicable, ground rents in respect of the relevant Properties exceeds the sum of 90 per cent. of the Appraisal Value of the relevant Property, an appraisal reduction will be deemed to have occurred (an “Appraisal Reduction”, with the amount of the excess being the “Appraisal Reduction Amount”). The “Appraisal Reduction Percentage” is, in relation to a Shortfall Loan, the Appraisal Reduction Amount expressed as a percentage of the Appraisal Value, subject to a maximum of 100 per cent.

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

Liquidity Stand-by Drawings

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

- (i) the rating of the Liquidity Facility Provider falls below the Liquidity Requisite Ratings; or
- (ii) the Liquidity Facility Provider refuses to renew the Liquidity Facility,

then the Issuer may find an alternative liquidity facility provider or may require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a “Liquidity Stand-by Drawing”) into an account solely for that purpose maintained with the Issuer Account Bank (or the Liquidity Facility Provider if it has the Liquidity Requisite Ratings) (such account, the “Liquidity Stand-by Account”). The Issuer shall require that the Liquidity Facility

Provider transfers its rights and obligations under the Liquidity Facility Agreement to a replacement Liquidity Facility Provider which has the Liquidity Requisite Ratings provided that the then current ratings of the Notes are not adversely affected thereby. 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 Revenue Priority Amount Drawings as described above and in accordance with the terms of the Liquidity Facility Agreement. Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and following 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 the any of the Priority of Payments.

For these purposes:

“Liquidity Requisite Ratings” means a rating for a bank of at least “F1” (or better) by Fitch, and “A-1+” (or better) by S&P for that bank’s short term unsecured, unsubordinated and unguaranteed debt obligations.

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 increased costs, mandatory costs and tax gross up amounts payable to the Liquidity Facility Provider to the extent that such amounts exceed 0.30 per cent. per annum of the commitment provided under the Liquidity Facility Agreement.

The Issuer will repay any Revenue Priority Amount Drawing under the Liquidity Facility on the Interest Payment Date immediately following the date on which such drawing was made, or if earlier on the Liquidity Facility Termination Date (as defined in the Liquidity Facility Agreement) or the Final Maturity Date.

In the event that such Liquidity 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. The procedure will be repeated on each Interest Payment Date or other due date thereafter, as applicable, up to the amount of the Liquidity Facility Commitment (as defined in the Liquidity Facility Agreement) until all amounts outstanding under the Liquidity Facility are paid and/or repaid.

The Issuer will pay interest on Revenue Priority Amount Drawings at a rate equal to Note 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.

The Liquidity Facility Provider will have no claim against, or recourse to, any assets or contributed capital of the Issuer (other than in respect of its Compartment 1) for any amounts due under the Liquidity Facility Agreement in excess of the amount permitted to be paid under the Issuer Priority of Payments. Under the Issuer Priority of Payments, on each Interest Payment Date the Liquidity Facility Provider will be entitled to receive payments of interest and principal due under the Liquidity Facility Agreement in priority to the obligations of the Issuer in respect of the payment of interest on the Notes.

The Swap Agreement

On or prior to the Issue Date, the Issuer will enter into a 1992 ISDA Master Agreement (Multicurrency – Cross Border) together with a Schedule thereto with the Swap Counterparty (the “Swap Agreement”). Pursuant to the Swap Agreement, in order to hedge its floating rate payment

obligations in respect of interest payable on the Rated Notes, the Issuer will enter into two basis swap transactions (each a “Basis Swap Transaction”, together the “Basis Swap Transactions”) and a €/SEK currency swap to hedge the risk of receiving Swedish Krona on the Bastuban Loan (the “Currency Swap Transaction”). The Issuer on the Issue Date will also enter into a novation of an existing fixed/floating swap transaction entered into between Citibank, N.A., London Branch and the First Seller under the Nawon Loan on a *pro rata* basis and two new fixed/floating swap transactions in respect of the Sunrise Loan and the Nibelung Loan so that the notional amount of the new fixed/floating swap transactions (each a “Fixed/Floating Swap Transaction”, together the “Fixed/Floating Swap Transactions”) reflects the principal amount of the Nawon Loan, the Sunrise Loan and the Nibelung Loan being acquired by the Issuer and following the Issue Date the counterparties will be the Issuer and the Swap Counterparty.

The Basis Swap Transactions, the Currency Swap Transaction and the Fixed/Floating Swap Transactions are together referred to as the “Swap Transactions”.

The Basis Swap Transactions

Under the Basis Swap Transactions, on each Interest Payment Date, the Issuer will be required to pay to the Swap Counterparty an amount calculated by reference to a rate equal to three months’ EURIBOR on the relevant Loan Interest Payment Date and the Swap Counterparty will be required to pay to the Issuer an amount calculated by reference to a rate equal to Note EURIBOR (as determined under the Notes) for the Interest Period ending immediately prior to such Interest Payment Date, in each case based on the then notional amount of the relevant Basis Swap Transaction.

The initial aggregate notional amount of the Basis Swap Transactions will be equal to the aggregate Cut-Off Data Balance of the Loan Pool or such other amount agreed with the Rating Agencies. It will change over time in line with any reduction in the outstanding principal balance of the Loans. Certain changes to the notional amount of the Basis Swap Transaction may require the Issuer to make termination payments to the Swap Counterparty.

The Fixed/Floating Swap Transactions

Under the Fixed/Floating Swap Transactions, on each Interest Payment Date, the Issuer will be required to pay to the Swap Counterparty an amount calculated by reference to the interest rates payable by the relevant Borrowers under the fixed rate loans in respect of the interest periods of the fixed rate loans corresponding to the Interest Period ending immediately prior to such Interest Payment Date, and the Swap Counterparty will be required to pay to the Issuer an amount calculated by reference to a rate equal to EURIBOR for the Interest Period ending immediately prior to such Interest Payment Date, in each case based on the then notional amount of the relevant Fixed/Floating Swap Transaction.

The initial notional amount of the Fixed/Floating Swap Transactions will be equal to the aggregate outstanding principal balance of the fixed rate loans which have been acquired by the Issuer or such other amount agreed with the Rating Agencies. It will change over time in line with any reduction in the outstanding principal balance of the fixed rate loans. Such changes to the notional amount of such Fixed/Floating Swap Transactions may require the Issuer to make termination payments to the Swap Counterparty.

The Currency Swap Transaction

Under the Currency Swap Transaction, on each Loan Interest Payment Date, the Issuer will be required to pay to the Swap Counterparty an amount calculated by reference to three months’ STIBOR and the Swap Counterparty will be required to pay to the Issuer an amount calculated by reference to a rate equal to Note EURIBOR (as determined under the Notes) for the Interest Period ending immediately prior to such Interest Payment Date, in each case based on the then notional amount of the Currency Swap Transaction.

The initial notional amount of the Currency Swap Transaction will be equal to the outstanding principal balance of the Bastuban Loan as at the Cut-Off Date or such other amount agreed with the Rating Agencies. It will change over time in line with the scheduled repayment of the principal balance of the Bastuban Loan. Such changes to the notional amount of the Currency Swap Transaction may require the Issuer to make termination payments to the Swap Counterparty.

Swap Transactions – general provisions

As more particularly described below, one or more Swap Transactions under the Swap Agreement will be terminable if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to a party to the Swap Agreement, (ii) it becomes unlawful for either party to perform its obligations under a Swap Transaction, (iii) an Acceleration Notice is served or (iv) the Notes are redeemed in full prior to their Final Maturity Date. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

Subject to the following, the Swap Counterparty is obliged to make payments under the Swap Transactions only to the extent that the Issuer makes any payments due from it under the Swap Transactions in a timely manner, 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 Swap Transactions will constitute a default in respect of the relevant payment due under the relevant Swap Transaction and entitle the Swap Counterparty to terminate the Swap Transactions.

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required. If the Swap Counterparty is required to pay an additional amount as a result of any withholding or deduction required by law in accordance with section 2(d)(i)(4) of the Swap Agreement and the Issuer determines (having consulted with the Cash Manager) that any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction is attributable either to an increased payment of which that additional amount forms part, or to that additional amount and the Issuer has obtained, utilised and retained such tax credit, allowance, set-off or repayment, then the Issuer shall pay an amount to the Swap Counterparty (the “Swap Tax Credit Amount”) which the Issuer determines will leave it (after such payment) in the same after tax position as it would have been in had the additional amount not been required to be paid by the Swap Counterparty.

The 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 Issue Date the Swap Counterparty will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax (a “Swap Tax Event”), the Swap Counterparty will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Swap Tax Event. If no such transfer can be effected, the affected Swap Transactions may be terminated. The Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate it.

Ratings downgrade of Swap Counterparty

Pursuant to the terms of the Swap Agreement, in the event that the relevant ratings of the Swap Counterparty are downgraded by a Rating Agency below the ratings specified in the Swap Agreement (in accordance with the requirements of the Rating Agencies) for the Swap Counterparty, the Swap Counterparty will, in accordance with the Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the ratings required by the relevant Rating Agency as specified in the Swap Agreement (in accordance with the requirements of the relevant Rating Agency), procuring another entity with ratings required by the relevant Rating Agency as specified in the Swap Agreement (in accordance with the requirements of the relevant Rating Agency) to become co-obligor in respect of its obligations under the Swap Agreement, or taking such other action as it may agree with the relevant Rating Agency.

The Cash Management Agreement

On or before the Issue Date, the Issuer, the Cash Manager, the Swap Counterparty and the Trustee will enter into a cash management agreement (the “Cash Management Agreement”). Under the Cash

Management Agreement, the Cash Manager will undertake the following functions on behalf of the Issuer and the Trustee:

- (i) the administration of payments to and from the Issuer Accounts in accordance with the terms of the Transaction Documents (including the administration of payments (based upon calculations supplied to it) due to and from the Swap Counterparty);
- (ii) (with the agreement of the Issuer and the Trustee and subject as provided in the Cash Management Agreement) investing funds not immediately required by the Issuer in Eligible Investments;
- (iii) the maintenance of the Principal Deficiency Ledgers in the books of the Issuer; and
- (iv) the making of any Revenue Priority Amount Drawings pursuant to the Liquidity Facility Agreement.

“Eligible Investments” means:

- (i) demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one Business Day prior to the next Interest Payment Date and the short term unsecured, unsubordinated and unguaranteed 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 A-1+ by S&P and F1+ by Fitch (or in the case of longer dated securities AAA by S&P and AAA by Fitch) or are otherwise acceptable to the Rating Agencies; and
- (ii) a fund which is rated at least AAA by the Rating Agencies,

in each case denominated and repayable in Euro and with maturity dates that are no later than the next Interest Payment Date.

The Issuer will be required to pay a fee to, and to reimburse the expenses of, the Cash Manager for the performance of the services under the Cash Management Agreement.

The Issuer will be entitled, in certain circumstances and with the consent of the Trustee, to terminate the appointment of the Cash Manager and to appoint a successor cash manager in its place.

The Cash Manager will be entitled to resign upon the giving of three months’ notice in accordance with the terms of the Cash Management Agreement.

Any such termination of appointment or retirement shall not become effective until a successor cash manager is appointed.

The Cash Management Agreement will be governed by English law.

The Issuer Bank Agreement

On or before the Issue Date, the Issuer, the Trustee, the Cash Manager and the Issuer Account Bank will enter into a bank account agreement (the “Issuer Bank Agreement”). Under the Issuer Bank Agreement, the Issuer Account Bank will open and maintain certain bank accounts in the name of the Issuer, as follows:

- (i) the Issuer Principal Account;
- (ii) the Issuer Revenue Account;
- (iii) the Class X Principal Account;
- (iv) the Liquidity Stand-by Account; and
- (v) an account in respect of which funds intended to be used to pay for certain expenses will be deposited (the “Expenses Account”),

(the accounts referred to in paragraphs (i) to (v) (inclusive) being, together with any other account of the Issuer, the “Issuer Accounts”).

With respect to the Expenses Account, so long as the Notes remain outstanding, if on the relevant Interest Payment Date, the amount standing to the credit of the Expenses Account is less than the Expenses Account Required Amount, the Issuer will be required at item (xxi) of the Pre-Enforcement Priority of Payments to credit to the Expenses Account an amount equal to the difference in (a) the Expenses Account Required Amount and (b) the amount standing to the credit of the Expenses Account on such date.

The “Expenses Account Required Amount” means €500,000.

The Issuer Account Bank will open and maintain a Class X principal account in the name of the Issuer (the “Class X Principal Account”).

On the Issue Date, the Issuer will deposit the issue proceeds of the Class X Notes into the Class X Principal Account. The funds standing to the credit of the Class X Principal Account will be applied towards redemption of the Class X Notes in accordance with its terms.

Under the Issuer Bank Agreement the Issuer Account Bank will agree to waive all rights of set-off, counterclaim, deduction and consolidation in respect of all accounts of the Issuer maintained by the Issuer.

The unguaranteed, unsubordinated and unsecured debt obligations of the Issuer Account Bank are currently rated F1+ (short term) by Fitch and A-1+ (short term) by S&P. The Issuer Bank Agreement will provide that, if such ratings drop below F1 (short term) (Fitch) and/or A-1+ (short term) (S&P) then the Issuer Account Bank will be required, within 30 days following downgrade, to arrange for the transfer of its obligations under the Issuer Bank Agreement to a successor account bank with the short term ratings of at least F1/A-1+.

The Issuer will be required to pay to the Issuer Account Bank its usual fees in respect of the maintenance of these accounts.

The Issuer Bank Agreement will be governed by English law.

Trust Deed

On or before the Issue 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 the Noteholders.

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class X Noteholder, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class R Noteholders equally (except where expressly provided otherwise), but where there is, in the Trustee’s opinion, a conflict between any such interests, the Trust Deed will require the Trustee to have regard to the interests of only the Class A Noteholders. If there are no Class A Notes outstanding and, in the Trustee’s opinion, there is a conflict between the interests of the Class B Noteholders on one hand and the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and/or the Class X Noteholder on the other hand, the Trust Deed will require the Trustee to have regard to the interests of the Class B Noteholders only. If there are no Class A Notes and Class B Notes outstanding and, in the Trustee’s opinion, there is a conflict between the interests of the Class C Noteholders on one hand and the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and/or the Class X Noteholder on the other hand, the Trust Deed will require the Trustee to have regard to the interests of the Class C Noteholders only. If there are no Class A Notes, Class B Notes and Class C Notes outstanding and, in the Trustee’s opinion, there is a conflict between the interests of the Class D Noteholders on one hand and the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and/or the Class X Noteholder on the other hand, the Trust Deed will require the Trustee to have regard to the interests of the Class D Noteholders only. If there are no Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding and, in the Trustee’s opinion, there is a conflict between the interests of the Class E Noteholders on one hand and the Class F Noteholders, the Class R Noteholders and/or the Class X Noteholder on the other hand, the Trust Deed will require the Trustee to have regard to the interests of the Class E Noteholders only. If there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes outstanding and, in the Trustee’s opinion, there is a conflict between the interests of the Class F Noteholders on one hand and the Class R Noteholders and/or the Class X Noteholder, the Trust Deed will require the Trustee to have regard to the interests of the Class F Noteholders only. If only the Class R Notes and the Class X Notes are outstanding and, in the Trustee’s opinion, there is a conflict between the interests of the Class R Noteholder and the Class X Noteholder, the Trustee Deed will require the Trustee to have regard to the interests of the Class R Noteholders only. Only the holders of the Most Senior Class of Notes outstanding may request or direct the Trustee to take any action under the Trust Deed.

The Trust Deed will contain provisions which, subject to the previous paragraph, limit the powers of (i) the Class B Noteholders to, *inter alia*, pass any Extraordinary Resolution which might adversely

affect the interests of the Class A Noteholders, (ii) the Class C Noteholders to, *inter alia*, pass any Extraordinary Resolution which might adversely affect the interests of the Class A Noteholders and the Class B Noteholders, (iii) the Class D Noteholders to, *inter alia*, pass any Extraordinary Resolution which might adversely affect the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, (iv) the Class E Noteholders to, *inter alia*, pass any Extraordinary Resolution which might adversely affect the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; (v) the Class F Noteholders to, *inter alia*, pass any Extraordinary Resolution which might adversely affect the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; and (vi) the Class R Noteholders to, *inter alia*, pass any Extraordinary Resolution which might adversely affect the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders. The Class X Noteholder will not have any rights to pass any Extraordinary Resolution.

The Trust Deed will be governed by English law.

The Deed of Charge

General

On or before the Issue Date, the Issuer will enter into a deed of charge (the “Deed of Charge”) with each of the Trustee, the Cash Manager, the Swap Counterparty, the Agent Bank, the Paying Agents, the Issuer Account Bank, the Liquidity Facility Provider, the Corporate Services Provider, the Master Servicer, the Special Servicer and the Sellers (together with the Noteholders and any appointee of the Trustee, the “Secured Creditors”) pursuant to which the Issuer will grant security in respect of its obligations, including the Notes.

Issuer Security

Under the Deed of Charge, the Issuer will grant the following security in favour of the Trustee who holds or will hold such security on trust for the benefit of itself and the other Secured Creditors:

- (i) an assignment by way of first fixed security of its right, title, interest and benefit, present and future, in, to and under:
 - (a) the Direct Mortgage Sale Agreements;
 - (b) the Direct Loan Servicing Agreement;
 - (c) the Cash Management Agreement;
 - (d) the Subscription Agreement;
 - (e) the Swap Agreement (including the confirmations thereunder);
 - (f) the Trust Deed;
 - (g) the Agency Agreement;
 - (h) the Issuer Bank Agreement;
 - (i) the Liquidity Facility Agreement;
 - (j) the Corporate Services Agreement;
 - (k) the Master Definitions Schedule; and
 - (l) the Registrar Agreement;
- (ii) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, under each relevant Finance Document relating to the Direct Loans;
- (iii) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, under each relevant Direct Loan Intercreditor Agreement;
- (iv) 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;
- (v) a charge by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to all Eligible Investments (permitted to be made by or on behalf of the Issuer);
- (vi) a charge by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to the SAGRES Notes and the SAGRES Security Deed; and

(vii) a first floating charge over all of the property, assets and undertaking of the Issuer comprised in Compartment 1 (being, prior to the creation of any other Compartment of the Issuer, all of the assets, undertakings, property and rights of the Issuer) not already subject to the security mentioned above, other than any such assets, undertakings, property and rights located in any jurisdiction where such floating charge would not be recognised,

(together, the “Issuer Security”), all as more particularly set out in the Deed of Charge.

The Class X Notes will be cash collateralised by amounts in the Class X Principal Account and funds standing to the credit of such account will only be applied in redeeming the Class X Notes.

The Trustee shall not, and shall not be bound to, take proceedings against the Issuer or any other person to enforce the provisions of the Deed of Charge or any of the other Transaction Documents or any other action thereunder unless:

- (i) it shall have been directed or requested to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and
- (ii) it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

The Notes will be full recourse obligations of the Issuer. On enforcement of the Issuer Security, recourse in respect of all other obligations (that is, other than the obligation to pay principal and interest on the Notes) of the Issuer will be limited to the proceeds of realisation of the Issuer Security.

Non-petition

Each of the Secured Creditors which is a party to the Deed of Charge (other than the Trustee) will agree in the 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 will become enforceable on the occurrence of an Event of Default pursuant to Condition 10. If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, or (ii) the Trustee is of the opinion, which will be binding on the Noteholders and the other Secured Creditors, reached after considering at any time and from time to time the advice, upon which the Trustee will be entitled to rely, of such professional advisers as are selected by the Trustee, that the cashflow 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 actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, or (iii) 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.

The Deed of Charge will be governed by English law.

The Corporate Services Agreement

The Issuer, the Corporate Services Provider and the Trustee will each enter into a services agreement (the “Corporate Services Agreement”) on or before the Issue Date pursuant to which the Corporate Services Provider will agree to provide certain administrative services to the Issuer. The Corporate Services Provider will be entitled to receive a fee for the provision of such services.

The Corporate Services Agreement will be governed by Luxembourg law.

The Agency Agreement

Pursuant to an agency agreement to be entered into on or prior to the Issue Date (the “Agency Agreement”) between the Issuer, the Trustee, the Principal Paying Agent, the Irish Paying Agent and the Agent Bank, provision will be made for, *inter alia*, payment of principal and interest in respect of the Notes of each class.

The Agency Agreement will be governed by English law.

Master Definitions Schedule

On or prior to the Issue Date, each of the Issuer, the Trustee, the Cash Manager, the Swap Counterparty, the Issuer Account Bank, the Master Servicer, the Special Servicer, the Agent Bank, the Paying Agents, the Liquidity Facility Provider, SAGRES, the Registrar 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.

ENFORCEMENT PROCEDURES

The following is intended only as a summary of the enforcement procedures applicable to the security granted or to be granted by the Issuer, the Borrowers and the shareholders/partners (as applicable) of the Borrowers. It provides a brief description of complex legal and procedural issues and accordingly should not be relied upon as exhaustive or comprehensive. This section should be read in conjunction with the section entitled "Risk Factors".

Enforcement in Luxembourg

Enforcement of security against a Luxembourg incorporated company may result in that company experiencing a *cessation de paiements* (i.e. the company is unable to satisfy its outstanding due and payable liabilities with its available assets (being cash and other assets readily realisable for cash)) and therefore becoming subject to bankruptcy proceedings. Under Luxembourg law, a secured creditor may proceed to enforce his rights for payment even in an insolvency situation (*faillite*) of the pledgor (Article 119 of the Luxembourg Code of Commerce). All collateral financial arrangements (as defined in the Luxembourg law of 5 August 2005 on financial collateral arrangements) as well as the enforcement events are valid and enforceable against third parties, including supervisors, receivers, liquidators and any other similar persons or bodies irrespective of any insolvency, liquidation or other Luxembourg or non Luxembourg proceedings whereby the relevant debtor has made arrangements with its creditors (including without limitation the *Concordat préventif de faillite* proceeding) or reorganisation affecting any one of the parties. However, it is the view of Luxembourg counsel that the *actio pauliana* (i.e. the action whereby a creditor can ask for the revocation of fraudulent acts) opened to any creditor who is the victim of a fraud to its rights (irrespective of an insolvency event), remains available to such creditor.

If the Luxembourg company in respect of which security is being enforced has been declared insolvent, the general rules of Luxembourg insolvency law provide that the chargee (i.e. the relevant Security Agent) can enforce the charge and apply the proceeds of realisation in or towards satisfaction of the chargor's obligations, subject to certain preferential claims (if any) and in accordance with applicable local laws and procedures. Under Luxembourg law the court-appointed receiver may take over the enforcement/sale proceedings subject to his power to do so being recognised by the courts in the jurisdiction in which the charged property is situated. If such proceedings were taken over by the Luxembourg receiver he would be obliged to pay the sale proceeds to the chargee (subject to any preferential claims) in or towards satisfaction of the chargor's secured obligations.

Enforcement in The Netherlands

The enforcement remedies described in relation to each of the assets set out below arise (unless otherwise stated) pursuant to Dutch law-governed security which was granted in connection with the Nawon Loan.

Share pledge

Under the Nawon Loan, pledges of shares (the "Dutch Share Pledge") were granted by the shareholders of the Nawon Borrower in favour of the relevant Security Agent.

Pursuant to the Dutch Share Pledge, the voting rights in respect of the relevant shares are transferred by the relevant pledgor to the relevant Security Agent but subject to a suspensive condition (*opshortende voorwaarde*) until an enforcement notice relating to the Nawon Loan is served. Until an enforcement notice relating to the Nawon Loan is served, the relevant pledgor is entitled to exercise the voting rights but is restricted in exercising the voting rights to the extent this could result in, among other matters, the interests of the relevant Security Agent and the beneficiaries of the security that is granted to it being adversely affected or would result in the relevant pledgor being in breach of its obligations under the transaction documents relating to the Nawon Loan.

Upon the service of an enforcement notice relating to the Nawon Loan and provided that there is a failure (*verzuim*) in the performance of the obligations secured under the relevant Dutch Share Pledge, the relevant Security Agent's interest will become immediately enforceable.

The enforcement remedy available to the relevant Security Agent is sale of the shares. There are two sale options:

- (i) a public auction which has to be effected in accordance with the applicable provisions of the Dutch Civil Code (*Burgerlijk Wetboek*) and the Dutch Civil Procedures Code (*Wetboek van Burgerlijke Rechtsvordering*); or
- (ii) a private sale, the terms of which have first been approved by the Dutch preliminary relief judge. Such approval can only be requested after the security interest has become enforceable. The approval (although discretionary) is likely to be granted if the terms of the sale are better than the terms that would have been received if the shares were sold at a public auction and that no other purchaser is likely to offer a higher price. The application for such approval will need to state this. However, this could be more time-consuming than a sale by way of public auction. The proceeds of the sale would be applied in satisfaction of the obligations secured by the relevant Dutch Share Pledge.

Insurance receivables

Under the Nawon Loan, the Nawon Borrower granted a pledge of insurance receivables (the “Insurance Receivables”) in favour of the relevant Security Agent (the “Dutch Pledge of Insurance Receivables”).

Upon the service of an enforcement notice relating to the Nawon Loan and provided that there is a failure (*verzuim*) in the performance of the obligations secured under the Dutch Pledge of Insurance Receivables, the relevant Security Agent’s interest will become immediately enforceable.

The relevant Security Agent may, to the exclusion of the Nawon Borrower:

- (i) demand payment of the Insurance Receivables in or out of court;
- (ii) call in (*opzeggen*) the Insurance Receivables insofar as they are not due but can be made due by calling them in;
- (iii) accept payments in respect of the Insurance Receivables;
- (iv) exercise any and all ancillary rights attached to the Insurance Receivables; and
- (v) sell all or part of the Insurance Receivables.

Enforcement after insolvency

Under Dutch law, the relevant Security Agent can, pursuant to the relevant pledge, in the event of bankruptcy or a suspension of payments in respect of any of the providers of security in The Netherlands, exercise the rights afforded by law to a secured party as if there were no bankruptcy or suspension of payments. However, bankruptcy or suspension of payments involving any of the providers of security would affect the position of the relevant Security Agent as a secured party in some respects, the most important of which are: (i) a mandatory “cool-off” period of up to four months may apply in case of bankruptcy or suspension of payments involving any of the providers of security, which, if applicable, would delay the exercise of the right created by the relevant security interest, and (ii) the relevant Security Agent may be obliged to enforce a security interest within a reasonable period as determined by the relevant receiver in bankruptcy (*curator*). The reasonable period may be extended by the judge commissioners (*rechter-commissairs*).

If, as a result of insolvency proceedings against a pledgor, such pledgor would no longer have the power (*beschikkingsbevoegdheid*) to grant a right of pledge, the Dutch law pledges will not be effective to secure amounts paid into bank account(s) after insolvency proceedings have commenced as amounts owed by the relevant account bank to the relevant pledgor are considered future receivables. Insurance receivables are also deemed to be future receivables which only come into existence after a claim arises under the insurance contracts. Therefore any insurance receivables that come into existence after the relevant pledgor is declared bankrupt or is granted a suspension of payments will not be part of the right of pledge and these insurance receivables will fall into the bankrupt estate.

Enforcement in Germany

The enforcement remedies described in relation to each of the assets set out below arise (unless otherwise stated) pursuant to German law governed security which was granted in connection with the Sunrise Loan, the Nawon Loan and the Nibelung Loan.

Land charges over Properties in Germany

Under the Sunrise Loan, the Nawon Loan and the Nibelung Loan, each of the relevant Borrowers granted security over the property it owns in Germany (the “German Property”) in favour of the relevant Security Agent. Each German Property (except the Nawon Property) is secured by certain certified land charges (*Briefgrundschuld*) first ranking in section three of the land register (the “German Land Charges”). Aside from the land charge (*Grundschuld*), the parties entered into a separate security purpose agreement (*Sicherungszweckvereinbarung*) and agreed on the purpose and the rights and obligation of the parties under the land charge (*Grundschuld*).

A Borrower may agree to an immediate enforcement for up to 100 per cent. of the amount of the land charge. Under such circumstances a court order for payment will not be required and the relevant Security Agent may attach any other asset of the relevant Borrower without having to obtain an executory title by way of court proceedings.

The enforcement of the German Land Charges is effected either by way of (i) public auction of the property (*Zwangsversteigerung*) or (ii) by way of compulsory administration of the property (*Zwangsverwaltung*).

Compulsory sale

In the case of a compulsory sale, the court will effect a public auction of the relevant Property. The organisation of such auction and the sale of the Property therein may take a considerable amount of time (likely to be more than one year and, depending upon the workload of the court, possibly significantly longer, especially if an insolvency administrator should request a suspension of the sale). Certain rules as to a minimum bid price will apply (e.g. in no event may the court dispose of the property if the highest bid in the first auction does not reach 50 per cent. of the estimated value of the property).

If the German Land Charges are enforced and all or a part of the encumbered property is transferred to the successful bidder, the net proceeds of sale (after payment of enforcement costs and expenses payable in connection therewith) will, together with any amount payable to the relevant Borrower on any related insurance contracts (to the extent such amounts may be applied in repayment of the relevant Loan), be applied against the sums owing from the relevant Borrower to the extent necessary.

Compulsory administration

In a compulsory administration (*Zwangsverwaltung*), which can be started immediately after attachment (*Beschlagnahme*) of the relevant Property, the court will appoint an administrator for the relevant Property (*Zwangsverwalter*) to administer such Property. The administrator alone is entitled to receive all income generated from such 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 (*Gesetz über die Zwangsversteigerung und die Zwangsverwaltung*).

Ranking

The proceeds of a compulsory sale or a compulsory administration will be applied in a statutory order of priority pursuant to which the claims of certain creditors rank prior to other creditors. In a compulsory sale of a property (following an enforcement of the relevant land charge by compulsory sale), the relevant Security Agent will generally rank junior to certain claims such as claims resulting from necessary improvement of the property or public charges (such as real property tax).

Share pledge

Under the Nibelung Loan and the Sunrise Loan, each of the shareholders of the relevant Borrowers (in relation to the Sunrise Loan, the German Sunrise Borrowers) granted security over all its shares in the Borrowers (each a “German Share Pledge”). A pledge must be notified to the company whose shares are pledged, to ensure the security right is enforceable against the company. A pledge of shares of a GmbH requires notarisation.

Upon the secured obligations becoming due and payable (*Pfandreife*) the security constituted by the German Share Pledge will become enforceable and the Security Trustee may enforce the share pledge

by selling the pledged shares by way of public auction in Germany. The respective Borrower must be notified in writing of the place and time of the public auction five days prior to such auction.

Assignment of receivables (including rental income)

Under the German and the Portuguese Loans each of the relevant Borrowers granted security over certain present and future receivables, including:

- (i) rental receivables arising under the relevant lease agreements with the tenants of the German Property (Sunrise Loan, the Nawon Loan and the Nibelung Loan, such assignment a “German Lease Receivables Assignment”);
 - (ii) rights and claims under property development and construction agreements, management agreements and sales contracts (Nibelung Loan);
 - (iii) rights and claims under sale and purchase agreements (Sunrise Loan);
 - (iv) insurance receivables (Nibelung Loan);
 - (v) claims for reimbursement of expenses against DEGI-International (Portuguese Loans); and
 - (vi) other receivables (Nawon Loan),
- (the “German Assignments”).

Upon the secured obligations becoming due and payable (*Verwertungsreife*) the security constituted by the German Assignments will become enforceable by instructing the relevant debtors to pay any claim when due and payable directly to the relevant Security Agent.

Bank accounts

Under the Sunrise Loan, the Nawon Loan and the Nibelung Loan, each of the relevant Borrowers granted security over its bank accounts by way of a German law-governed pledge (each a “German Account Pledge”). The pledge becomes effective in each case if the relevant Borrower notifies the relevant account bank.

Upon the secured obligations becoming due and payable (*Pfandreife*) and after having given notice to the Borrowers the security constituted by the German Account Pledges will become enforceable. The relevant Security Agent may revoke the authorisation of the relevant Borrower to dispose of the pledged accounts (freeze on accounts). Further, the Security Trustee may, after having given five business days’ prior written notice, collect any credit balances from the pledged accounts.

Enforcement after insolvency

Enforcement of a German land charge upon insolvency of the land chargor

Generally, forced auction and forced administration proceedings are not affected by the opening of insolvency proceedings over the assets of the debtor. However, the insolvency administrator has, under very restricted and remote circumstances, the right to apply to the enforcement court for an interim order to stop proceedings (*einstweilige Einstellung*).

In the event of insolvency of the land chargor, the land chargee is entitled to a preferential and thus prior ranking repayment from the property. However, following the enforcement of the land charge by way of public auction of the property (*Zwangsversteigerung*) or by way of compulsory administration of the property (*Zwangsverwaltung*), the distributed proceeds from the enforcement are reduced by the expenses of the public auction or the administration of the property, i.e. merely the proceeds less expenses are distributed to the land chargee.

Moreover, seizures that occurred during the last month prior to the initiation of the insolvency proceedings are excluded from the above. Any such seizures are of no effect.

Enforcement of share pledges

The share pledge gives the relevant Security Agent a right to preferential treatment (*Absonderungsrecht*) i.e. satisfaction of its secured claims out of the proceeds of a sale of the shares in priority to other creditors. It is disputed whether the relevant Security Agent as pledgee has the right to sell the shares itself or whether the insolvency administrator will sell the shares and only distribute the proceeds to the creditors. If the insolvency administrator were the one entitled to sell the shares, he is entitled to deduct a fee for the costs of enforcement (up to 9 per cent. of the proceeds). However, the majority of legal commentators in Germany take the view that the enforcement of a pledge over shares will be exclusively in the hands of the secured creditors as pledgees and not the

insolvency administrator. Consequently, the relevant Security Agent could control the sale of the shares and such sale would not be subject to a deduction of the insolvency administrator's fee. Such sale would still be by way of public auction, or by way of another method agreed with the pledgor (or its insolvency administrator) after the secured obligations became due. Generally, the share sale is effected by way of public auction – unless the insolvency administrator (usually in return for a fee) agrees to a private sale.

German Lease Receivables Assignment in respect of insolvency

In the event of an insolvency of a relevant Borrower as landlord, the relevant lease agreement will remain unaffected, i.e. the appointed insolvency administrator and the relevant tenants will be bound by the terms of the contracts. However, in the event of an insolvency of the landlord, the beneficiary of the assignment of rental receivables would be entitled to preferential payment from the assigned rental receivables. The effectiveness of this assignment is limited and terminates from the beginning of the month following the initiation of insolvency proceedings where such proceedings have been initiated before the 15th day of a month. If proceedings have been initiated only after the 15th day of a month, the assignment becomes ineffective from the beginning of the month following the next. However, the relevant Security Agent might get proceeds from the rents and insurance claims in connection with the compulsory administration (*Zwangsvverwaltung*) as described above.

Other German Assignments in respect of insolvency

Receivables assigned as collateral to the relevant Security Agent that come into existence in the course of the Borrower's insolvency will at some point cease to be assigned to the relevant Security Agent:

- (i) Receivables arising after the formal opening of the insolvency proceedings will not secure the German Loans.
- (ii) Receivables arising after the filing of the petition but prior to the formal opening of insolvency proceedings will also not secure the German Loans as such security will almost certainly be challenged.
- (iii) Receivables arising (a) within 3 months prior to the insolvency petition and (b) at a time when the relevant Security Agent knows that the collateral provider is illiquid, would probably be challenged by the insolvency administrator.

Enforcement of a pledge of bank accounts upon insolvency of the account holder

In the event of insolvency of the account holder, the creditor of a pledge of bank accounts is entitled to preferential repayment from the pledged bank accounts. Realisation can be effected by the pledgee himself by way of collection of the bank balances.

However, the prior ranking pledge of the bank pursuant to the German General Bank Conditions (*AGB Banken*), unless being waived, persists regardless of the insolvency of the account holder and entitles the bank to prior ranking preferential repayment from the pledged bank accounts up to the full amount required for the settlement of its claims.

Enforcement in France

Enforcement of security interests

The enforcement remedies described in relation to each of the assets set out below arise (unless otherwise stated) pursuant to French law governed security which was granted in connection with the Selaht Loan and the Elancourt Loan.

Properties in France

Under the Selaht Loan and the Elancourt Loan, each of the relevant Borrowers mortgaged the property(ies) it owns in France (the "French Property") in favour of the relevant Security Agent.

Enforcement of the mortgage under French law would result in the sale of the French Property at a public auction (*vente aux enchères*). The first step is to deliver an enforcement notice to the debtor ordering it to pay its debts (*commandement de payer*) by a huissier (*bailiff*) (Article 673 of the French *Ancien Code de Procédure Civile*). Article 673 only applies when French Property has been sold by the mortgagor to a third party (Article 2169 of the French *Code civil*). In case the debtor does not pay its debts, this notice must be filed at the Land Registry (*Bureau de la Conservation des Hypothèques*) for the district in which the French Property subject to the enforcement is situated.

Pursuant to Article 688 of the French *Ancien Code de Procédure Civile*, the next step is to instruct local legal counsel to draft the terms of the sale approved by the court (*cahier des charges*), including a minimum sale price for the French Property. The minimum price is proposed by the enforcing creditor.

Finally, a number of notices would need to be given prior to the sale (such as publishing the legal notice of the sale, posting notices advertising the sale and notifying other creditors to inform them of the terms of sale). The buyer of the French Property would have to pay French registration tax at the rate of 5.09 per cent. plus notary fees on the purchase price or, in certain situations, French VAT at the rate of 19.6 per cent. plus a 1 per cent. fee (approximately) and notary fees.

Until the day of public auction, the relevant Security Agent may sell the mortgaged French Property out of court if the debtor and all the secured creditors of the relevant Borrower consent to the price and grant a discharge of the foreclosure notice.

If no bid were made at the public auction, the enforcing creditor would be declared to be the highest bidder and would be obliged to purchase the French Property at the minimum sale price specified in the terms of the sale.

Any interested party may re-open the auction by offering to purchase the French Property for a sum 10 per cent. higher than the highest bid within 10 days of the sale by auction.

The relevant Security Agent, as mortgagee, would be paid out of the proceeds only after full satisfaction of a minimal number of preferred claims, if any, such as court fees, certain “super preferred” (*super privilégié*) and “preferred” tax and social security claims for wages and (in the case of insolvency) claims arising out of the continuation of the activity of the insolvent company (Article L. 621-32 of the French Commercial Code).

Certain limited “technical” liens (*privilèges spéciaux*) provided for in Article 2103 of the French Code civil, such as those in favour of architects and builders who have worked on the building, could rank in priority to the relevant Security Agent.

The enforcement procedures would need to be repeated in every district in which the French Property subject to enforcement is situated.

Share pledge

Under the Selaht Loan and Elancourt Loan, pledges of shares were granted by the shareholders of the Selaht Borrower and the Elancourt Borrower in favour of the relevant Security Agent.

Until the Ordinance dated 26 March 2006 which has reformed the guarantees and the security interests regime, provisions allowing the pledgor to foreclose title to the pledged assets without a court order were void as constituting a *pacte comissoire*. As a result, enforcement of such pledges was previously limited to either (i) sale of the pledged assets at public auction and satisfaction of the secured debt out of the proceeds or (ii) petition to court for appropriation of the asset.

Realising shares via judicial attribution had the disadvantage that the relevant Security Agent acquires shares in a company which may be indebted to third parties (although, *inter alia*, due to the limited activities which the relevant Borrowers would covenant to engage in, the relevant Borrowers’ covenant not to have any employees, and the insurance which each relevant Borrower would undertake to procure, the number of third party creditors should be limited). The judicial attribution was in payment of the obligations of the relevant Borrowers to the relevant Security Agent.

Alternatively, the relevant Security Agent could ask for a mandatory court auction (*vente forcée*) of the shares. Following the service by a *huissier* (court appointed bailiff) of a notice to the relevant Borrowers and the relevant shareholders (and upon failure to pay within 8 days of such notice) the mandatory auction would have been initiated and the proceeds thereof would have applied in satisfaction of the obligations of the relevant Borrowers to the relevant Security Agent.

The enforcement procedure used to take approximately two years at first instance, plus a further one to two years if appealed by another creditor. However the reform should significantly accelerate such enforcement procedure.

Under the new regime, the pledgor and the secured creditor may also agree in the pledge agreement that, should the pledgor fail to pay an amount on its due date, the creditor may automatically (i.e. without court order) become the owner of the pledged assets. The pledged assets must then be valued by an expert.

Though every share pledge have been granted prior to the reform, they can benefit from the new enforcement procedure which can be provided on or after the execution of the pledge.

In the case where the value of the shares is higher than the amount of the secured debt the relevant Security Agent would, subject to being indemnified to its satisfaction, pay consideration for the difference or would limit its claims to the relevant percentage of the pledged shares.

Upon the relevant Security Agent becoming the sole or majority shareholder of the relevant Borrowers, it could take steps to dissolve the companies and to proceed with the realisation of their assets and the discharge of their obligations.

Rental income and insurance proceeds relating to the lost of rental income

Under the Selaht Loan and Elancourt Loan, each of the relevant Borrowers granted security over the rental income and the insurance proceeds relating to the lost of rental income arising under the relevant lease agreements with the tenants of the French Property in favour of the relevant Security Agent (the “French Delegations”).

The only step required to be taken to enforce the French Delegations is to serve notice to the delegated debtor (e.g. the tenant or the relevant insurance company). Such notifications have been made for both French Delegations by each of the relevant Borrowers, (i) in order for the relating proceeds to be directed immediately on the relevant Borrower’s account and (ii) to enable such Borrower to comply with its payment obligations under the Elancourt and the Selaht Loans.

Bank accounts

Under the Selaht Loan and the Elancourt Loan, each of the relevant Borrowers granted a pledge over its bank accounts in favour of the relevant Security Agent.

Upon notification and subject to the pledgor being in breach of its obligations, the secured creditor may appropriate the receivables / monies standing to the credit of the bank account either (i) by way of court order (*attribution judiciaire*) or (ii) if so provided in the pledge agreement, without the need for a court order, by way of collection of such receivables by the secured creditor.

As a consequence of the reform mentioned above, pledges over receivables or bank accounts no longer require any notification served by a bailiff (*huissier*) on creation, which is be appreciated by both borrowers and lenders alike. In practical terms, only a notification to the debtors/banks is required by the lenders following the occurrence of an event of default in order to protect them in an enforcement scenario.

Insurance receivables

Under the Selaht Loan and the Elancourt Loan, the relevant Security Agent will have the benefit of the proceeds payable under the insurance policies related to the French Property and covering loss or damage to such French Property (but not loss of rent), pursuant to Article L. 121-13 of the French Insurance Code. The relevant Security Agent will be vested with a direct action against the insurance company for the payment of the relevant insurance proceeds. Such right depends upon the notary (before which the mortgages has been executed) (i) notifying the relevant insurance company of each of the relevant Borrowers of the relevant Security Agent’s benefit under the relevant insurance policy, and (ii) registering the mortgages over the French Property. In the absence of such notification and registration, a payment by the relevant insurance company of the relevant insurance proceeds to the relevant Borrowers and not to the relevant Security Agent would be considered as a valid and *bona fide* payment since the insurance company could claim that it was not aware of the mortgage. All such formalities were performed by the notary prior to the Cut-Off Date. In cases where the mortgages are unregistered, the notary could notify the insurance company of each mortgage but the insurance company will not, in these circumstances, be obliged to pay the insurance proceeds to the relevant Security Agent as the unregistered mortgage is not enforceable (*opposable*) against any third parties, e.g. the insurance company.

Insolvency in France

On 26 July 2005 the French Parliament passed a new law entitled *Loi de sauvegarde des entreprises*, which came into force on 1 January 2006 and is applicable to any preventive measures or bankruptcy proceedings commenced after that date. This law is complemented by a Decree from the French State Council (*Conseil d’Etat*) dated 28 December 2005.

The French Borrowers are incorporated under the laws of France. Consequently, they are subject to French laws and proceedings affecting creditors, including Article 1244-1 of the French Civil Code, the so-called conciliation procedure (*conciliation*), the safeguard procedure (*procédure de sauvegarde*) and insolvency proceedings, which may be either judicial reorganization or liquidation proceedings (*redressement or liquidation judiciaire*).

Debt rescheduling

Pursuant to Article 1244-1 of the French Civil Code, French courts may, in any civil proceeding involving a French debtor, whether initiated by the debtor or the creditor, taking into account the debtor's financial position and the creditor's financial needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations. In addition, if a debtor specifically initiates proceedings therefor, French courts may decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate which is lower than the contractual rate (but not lower than the legal rate) and that payments made shall first be allocated to repayment of principal. If a court order is made under Article 1244-1, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period covered by the court order.

Debt rescheduling under Articles 1244-1 *et seq.* of the French Civil Code applies only to debts that are already due and payable, as opposed to payments that will become due at a later stage. In addition, these provisions do not entitle the courts to extend the term of a given contract if such contract was duly and effectively terminated before the court's decision to reschedule the debts. The power of the courts to grant additional time to a debtor is not limited by the contractual term of its arrangement with creditors.

Failure by the debtor to make payments in accordance with the court's rescheduling order entitles the creditors of such debtor to request an acceleration of all payments that have been rescheduled.

Conciliation proceedings

A French company may initiate, in its sole discretion, a so-called conciliation procedure (*conciliation*) with respect to itself, whereby it will try to reach a judicial amicable settlement of its debts if the two following conditions are met. Firstly, the company must not have suspended its payments for more than 45 days. As a matter of law, a company is regarded as having suspended its payments (a situation described as *cessation de paiements*) if it is unable to pay its debts as they come due out of its available assets (this is primarily a cash flow test which means that a company could be deemed to have suspended its payments even if its assets exceed its liabilities). Secondly, the company must experience legal, economic or financial difficulties. At the request of the company, the president of the court will enter an order appointing a conciliator (*conciliateur*) to help the company reach an agreement with its creditors for reducing or rescheduling its indebtedness. The proceedings will remain confidential unless the debtor company requests the court to approve (*homologuer*) the agreement with the relevant creditors. The approval of the court is subject to certain conditions (the agreement must permit in particular the survival of the company as a going concern). The president of the court may impose, pursuant to Article 1244-1 of the French Civil Code and as described above, debt rescheduling on creditors which, during the course of the conciliation proceedings, take any action against the company for the payment of their claims. However, contrary to bankruptcy proceedings, the stay of enforcement actions resulting from these debt deferrals will not affect creditors at large but merely those which are named in the court decision ordering the debt deferral.

Safeguard proceedings

A French company may initiate, in its sole discretion, a safeguard procedure (*procédure de sauvegarde*) with respect to itself, provided that (i) it has not suspended its payments (i.e. it is not *en cessation des paiements*) and (ii) it experiences difficulties, which it is not able to overcome and which may cause the company to suspend its payments. The court may (and will in the case of large companies) appoint an administrator (*administrateur*) when ordering the opening of safeguard proceedings. Depending on the court decision, the administrator's mission will consist in monitoring or assisting the debtor company's management.

Observation Period and outcome of the safeguard proceedings

The court order initiating the insolvency proceedings (the "Opening Judgment") opens an observation period which may last for up to 18 months in exceptional cases.

The purpose of the observation period is to enable the company's management to prepare, with the assistance of the administrator (if one has been appointed), a safeguard plan for the continuation of the company as a going concern. This plan of up to 10 years, which can provide for debt deferrals or write-offs, may be negotiated with two separate creditors' committees, one comprising the main suppliers of the company and the other comprising its banks. For a plan to be approved by the court, it needs to be adopted by each committee with a majority in number of the creditors representing at least two thirds of the claims of the committee members. The current applicable legislation does not provide for the inclusion of noteholders in the membership of any committee: they must be consulted separately. If the company suspends its payments during the safeguard proceedings, those proceedings should be converted into either reorganization or liquidation proceedings. This may happen in particular if the debtor company and its main creditors cannot agree on a safeguard plan or if the proposed plan is not approved by the court.

Proof of claims

As a general rule, creditors domiciled in France whose debts arose prior to the Opening Judgement, must file a claim with the creditors' representative within two months of the publication of the Opening Judgement in the *Bulletin Officiel des Annonces Civiles et Commerciales*. This period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during this period are barred from receiving distributions.

Prohibition from paying prior claims and stay of creditors' enforcement actions

From the date of the Opening Judgement, a debtor is prohibited from paying debts outstanding prior to that date, subject to limited exceptions.

Similarly, creditors may not pursue any legal action against the debtor with respect to any debt incurred prior to the Opening Judgement, if the purpose of the legal actions is to obtain an order for, or payment of a sum of money by the debtor to the creditor or to enforce any other creditor's rights against any asset of the debtor. In particular, from the date of the Opening Judgement, creditors can no longer enforce security or attach assets of the debtor.

Continuation of Executory Contracts (contrats en cours)

Notwithstanding any contractual provision to the contrary, existing agreements of the company may not be cancelled, rescinded, terminated or accelerated solely as a result of the opening of safeguard proceedings. The administrator is vested with the exclusive power to determine whether executory contracts (*contrats en cours*) should be terminated or continued, provided that the administrator makes such a determination within one month (which may be extended for a maximum additional period of two months) from receiving the relevant party's formal written request to do so, failing which the contract entered into with such party is deemed terminated. The administrator may only continue executory contracts if it believes that the company is in a position to perform its obligations thereunder. Any agreement not terminated by the administrator, and not terminated prior to the Opening Judgement, shall be continued pursuant to its terms and conditions (subject to any rescheduling of payments pursuant to Articles 1244-1 et seq. of the French Civil Code, if such rescheduling was ordered prior to the Opening Judgement). No party or third party is entitled to contest the decision of the administrator to continue or terminate certain executory contracts. However, any continued contract may be terminated during the course of the insolvency proceedings upon the occurrence of a default after the Opening Judgement (provided that such default is of such a nature as to trigger the right to terminate the contract).

Debts arising after the Opening Judgement, which are incurred in connection with the safeguard proceedings or the observation period, or which result from services provided to the debtor for its business, must be paid as they fall due.

Bankruptcy proceedings

Judgement opening bankruptcy proceedings

The directors of a French company are required to petition for bankruptcy proceedings within 45 days of such company suspending its payments. The creditors of the company, the relevant commercial court or the public prosecutor may also file a petition for bankruptcy proceedings if the company suspends its payments. Depending on the situation of the insolvent company, the court may enter a judicial reorganisation (*redressement judiciaire*) or a liquidation order. Even if the court has initially entered a judicial reorganisation order, it can convert the reorganisation proceedings into

liquidation proceedings at any time if it subsequently appears that the company cannot be reorganised.

Suspension of payments

The date on which the debtor suspended its payments (i.e. the *date de cessation des paiements*), is usually deemed to be the date of the court order commencing insolvency proceedings (*jugement d'ouverture*). However, in this order or in a subsequent order, a court may set the date of suspension of payments at an earlier date of up to eighteen months prior to the court order commencing proceedings (but in any event at no earlier date than the date on which the court approved any prior conciliation agreement (see “– *Conciliation proceedings*” above). As further described below, the date of suspension of payments is particularly important as it marks the beginning of the suspect period (*période suspecte*).

Judicial reorganisation

The court will usually appoint an administrator to either monitor, assist or replace the company's management during the observation period (*période d'observation*) which can last for up to 18 months in exceptional circumstances. The administrator, in cooperation with the company's management, will make proposals for the debtor's reorganization (through a *plan de continuation*), sale (through a *plan de cession*) or liquidation. There is no observation period if the court directly opens liquidation proceedings against the debtor.

During the observation period, a reorganization plan (*plan de continuation*) which could involve debt rescheduling or write-offs may be negotiated and adopted by two creditors' committee under the same principles as those applicable to the safeguard proceedings described above. If the debtor fails to comply with its obligations under the continuation plan, any creditor may request the termination of this plan. Such termination would result in the commencement of liquidation proceedings (see “– *Liquidation proceedings*” below).

In case of business sale plan (*plan de cession*), subject to certain exceptions, the purchaser of the business does not assume the liabilities of the debtor. In these circumstances, all outstanding contracts that the court deems necessary for the continued operation of the transferred business can be transferred to the purchaser. Contracts transferred to the purchaser of the business must be performed on the same terms and conditions as those in effect on the date of the Opening Judgment. The payment of the price by the purchaser clears most of the security. The purchase price for the transferred business, together with the proceeds of sale of the remaining assets (in the absence of any business continuation), are allocated amongst creditors according to a statutory order of priority (see “– *Preferred Creditors under French law*” below).

Liquidation proceedings

In liquidation proceedings, the court decides either to order the disposal of part or all of the business and assets of the debtor as a going concern together with the necessary employment and commercial contracts pursuant to a sale plan (*plan de cession*) or, if it considers that no such plan is likely to take place, orders the disposal of the assets either individually or by groups of assets. Subject to certain exceptions, the making of a liquidation order automatically renders all non-matured debts of the insolvent company immediately due and payable.

Période suspecte and preferences

The so-called “suspect period” (*période suspecte*) is the period starting from the date on which the debtor is deemed by the insolvency court to have suspended its payments (*date de cessation des paiements*). Certain transactions entered into or payments made during the suspect period may be void or voidable.

Transactions which are automatically void include voluntary preferences for the benefit of certain creditors to the detriment of other creditors. This would cover transfers of assets for no or nominal consideration (*à titre gratuit*), contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments on debts not due at the time of payment, payments of matured debts otherwise than through recognized means of payment (e.g., checks, promissory notes, cash), security granted for debts previously incurred, interim enforcement measures unless the writ of attachment predates the date of suspension of payments.

Transactions which can be declared void include (i) transfers of assets for no or nominal consideration (*à titre gratuit*) within six months prior to the commencement of the suspect period and

(ii) if the party dealing with the debtor knew or should have known that it had suspended payment of its debts, transactions entered into, or payments made when due, after the date of suspension of payments.

Main restrictions on creditors' rights

Subject to certain limited exceptions, rules similar to the ones described above in the safeguards proceedings section regarding proofs of claim, payment prohibitions, stay of creditors' enforcement actions and continuation of executory contracts will also apply in case of reorganization or liquidation proceedings (in a liquidation scenario, the continuation of executory contracts may only be required in limited circumstances (in particular where the court has allowed the company to carry on trading for the purpose of the liquidation)).

Preferred Creditors under French law

As a matter of French law, after the Opening Judgement, the following debts, in the order of priority in which they are listed, are treated as preferred debts and are paid in priority to those owed to unsecured creditors of the debtor company:

- (i) certain salaries and other sums payable to employees;
- (ii) certain court costs;
- (iii) claims relating to new financing granted to the debtor during the *conciliation* proceedings;
- (iv) claims that arose after the commencement of the safeguard or bankruptcy proceedings provided that the debts were incurred for the purpose of the safeguard or bankruptcy proceedings or which result from services provided to the debtor for its business (ranking high within these are tax and social security debts) unless the debtor company is subject to liquidation proceedings, in which case claims secured in particular by mortgages or security interest conferring a retention right (*droit de rétention*) to the secured creditor will rank ahead; and
- (v) secured debts (but only in respect of the assets securing such debts, and according to their rank).

In any event, in order to rank in priority, security interests subject to registration formalities such as mortgages will have to be registered prior to the judgment opening the safeguard, reorganisation or liquidation proceedings.

Insolvency proceedings most likely to be applicable to the French Borrowers

Considering that the relevant French Borrowers under the Selaht Loan and Elancourt Loan are not supposed to conduct any business (other than renting the relevant Properties) or to have any employee or significant third party creditors (other than the tax authorities and, potentially, tenants), a French court would in all likelihood, enter a liquidation order if a French Borrower were to become unable to pay its debts as they fall due.

Enforcement in Belgium

The enforcement remedies described in relation to each of the assets set out below arise (unless otherwise stated) pursuant to Belgian law governed security which was granted in connection with the Nibelung Loan.

Properties in Belgium

Under the Nibelung Loan, each of the relevant Borrowers granted security over the Property(ies) it owns in Belgium (the "Belgian Property") in favour of the relevant Security Agent. The most likely method of enforcement of the security in relation to the Belgian Property would be a court-supervised sale by public auction with the sale proceeds being allocated to satisfy the secured debt owing to the relevant Security Agent (subject to prior ranking claims). The relevant Security Agent can submit its own bid during the public auction but will not be entitled to appropriate the Belgian Property in lieu of payment of the amount owed to it under the relevant Loan and will be obliged to fund the purchase price (although there is a possibility in practice that this requirement could be waived). In order to enforce the mortgage, the relevant Security Agent must first obtain an enforceable title (*titre exécutoire/uitvoerbare titel*) from the court which will make its claim towards the relevant Borrower enforceable and will enable it to attach the real property.

Mortgage in possession liability

Enforcement proceedings in Belgium would not allow the relevant Security Agent, as mortgagee, to take possession of the Belgian Property. There is no “mortgagee in possession liability”.

Upon enforcement of the security, the Belgian Property would first be attached and then the forced sale of the Belgian Property (or of the long lease on the Belgian Property) would take place (art. 1560 Judicial Code) following the procedure described in the Judicial Code:

- (i) firstly, an order to pay would have to be served (art. 1564 Judicial Code) stating that in case of non-payment within a minimum period of 15 days (art. 1566 Judicial Code) an attachment of the Belgian Property would be made;
- (ii) within 6 months of the serving of the order to pay, a writ would have to be served stating the attachment of the Belgian Property (art. 1567 Judicial Code); this writ would be registered within 15 days in the registry of mortgages (art. 1569 Judicial Code);
- (iii) within a month of the registration of the writ, the relevant Security Agent would request from the court the appointment of a notary, charged with the sale of the Belgian Property.

If the attached Belgian Property were not leased, it would be the mortgagor who would remain in possession of the Belgian Property as a sequestrator until the sale of the Belgian Property, unless the court, at the request of the relevant Security Agent (as mortgagee), decides otherwise (art. 1572 Judicial Code). This request cannot be made preventively but only when problems have occurred. If the mortgagor does not respect these responsibilities and if problems arise, then another sequestrator (a third party) would be appointed by the court, who would be entitled to a fee.

The rights of the mortgagor as a sequestrator are limited: he may not damage the Belgian Property (art. 1574 Judicial Code) and must take care of it as a “good family father”). He cannot prevent the sale or grant any rights over the Belgian Property.

During the period of time between attachment and sale of the Belgian Property, the relevant Security Agent could receive the profits of the Belgian Property in the form of rents collected upon the relevant Security Agent’s request to so receive being granted by the court, provided that such collection of rents be conducted in the manner and within the period stated by the court. The proceeds would be deposited into an account and such proceeds, together with the profits from the sale of the property, would be paid out according to the order of priority of the mortgages.

Commercial receivables

Under the Nibelung Loan, each of the relevant Borrowers granted a pledge over (i) its present and future rental receivables arising under the relevant lease agreements with the tenants of the Belgian Property, (ii) insurance receivables in connection with the Belgian Property and (iii) balance of Belgian or offshore bank accounts into which proceeds relating to rental income, guarantees and insurance receivables in respect of the Belgian Property are to be paid, in favour of the relevant Security Agent (the “Belgian Pledge of Receivables”).

The Belgian Pledge of Receivables could be enforced by the relevant Security Agent notifying tenants, insurers and/or account banks to make payments directly to the relevant Security Agent from the next payment date.

If a third party creditor of the owner of the property initiates enforcement proceedings and seizes the property, then subsequent rentals are no longer considered to be “receivables” but are regarded as “realty” forming an integral part of the property. They are consequently distributed between the creditors of the owner subject to the seizure, but the proceeds will be distributed to any registered mortgagee in priority to other creditors. The relevant Security Agent will be a registered mortgagee of the property and will therefore be entitled to receive rental payments, but only up to the amount secured by the relevant mortgage.

Enforcement in Sweden

The enforcement remedies described in relation to each of the assets set out below arise (unless otherwise stated) pursuant to the Swedish law governed security which was granted in connection with the Bastuban Loan.

Properties in Sweden

Under the Bastuban Loan, the Bastuban Borrower granted security over the Property it owns in Sweden (the “Swedish Property”) in favour of the relevant Security Agent. The relevant Security Agent may enforce the security pursuant to seizure of the Swedish Property following a court-supervised sale by way of auction (provided that a writ of execution is obtained first).

The enforcement of security over the Swedish Property will entail procedures aimed at safeguarding the interest of the relevant Security Agent in terms of the purchase price. In summary, the Swedish Property will be offered subject to and not subject to existing leases – if the bid not subject to the leases is higher than the bid subject to the leases, the Swedish Property will be sold not subject to the leases.

Mortgage in possession liability

The relevant Security Agent enforcing security over the Swedish Property could incur liabilities to third parties, if not fulfilling a compulsory duty of care to them in respect of the Property. The relevant Security Agent could also incur the liabilities of the Swedish Property owner if the ownership of the Swedish Property is transferred to it upon enforcement of the security, or if the relevant Security Agent takes over as operator of the activities on the Swedish Property.

Share pledge over the shares in Bastuban Borrower

Under the Bastuban Loan, pledges of shares were granted by the shareholders of the Bastuban Borrower in favour of the relevant Security Agent.

The relevant Security Agent may enforce the security over the shares held in the Bastuban Borrower and realise the secured assets or any part thereof by private or public sale or auction or in such manner and on such terms as the relevant Security Agent in its sole discretion deems fit.

Share pledge over the shares in BRPH General Partner AB

Under the Bastuban Loan, pledges of shares were granted by the shareholder of BRPH General Partner AB (the “General Partner”) in favour of the relevant Security Agent.

The relevant Security Agent may enforce the security over the shares held in the Bastuban Borrower and realise the secured assets or any part thereof by private or public sale or auction or in such manner and on such terms as the relevant Security Agent in its sole discretion deems fit.

Pledge over participation in the limited partnership of Kommanditbolaget Europahuset Building

Under the Bastuban Loan, pledges of participation interests in Kommanditbolaget Europahuset Building (the “Limited Partnership”) were granted by the Bastuban Borrower as limited partner and the General Partner as general partner in favour of the relevant Security Agent.

The relevant Security Agent may enforce the security over the participation interests in the Limited Partnership and realise the secured assets or any part thereof by private or public sale or auction or in such manner and on such terms as the relevant Security Agent in its sole discretion deems fit.

Bank accounts

Under the Bastuban Loan, the Bastuban Borrower granted a pledge over all sums of money being the balance of funds standing from time to time to the credit of its accounts in favour of the relevant Security Agent (the “Swedish Account Pledge”).

The relevant Security Agent may enforce the Swedish Account Pledge by demanding and collecting payment from the account bank to satisfy the amounts owed to it (it is also technically possible for the secured creditor to enforce its security by means of seizure). If the administrator in bankruptcy collects payment, the payment shall be forwarded to the relevant Security Agent.

Insurance receivables

Under the Bastuban Loan, the Bastuban Borrower granted a pledge of insurance receivables in favour of the relevant Security Agent (the “Swedish Pledge of Insurance Receivables”).

Subject to compliance with applicable laws on data protection, the relevant Security Agent may enforce the Swedish Pledge of Insurance Receivables (following perfection by notice to the customers) by selling or collecting the receivable and satisfying the debt from the proceeds. If the administrator

in bankruptcy collects or sells the receivables, the proceeds thereof shall be paid to the relevant Security Agent.

Enforcement in the event of bankruptcy

In the event of bankruptcy proceedings being commenced against the Swedish entities which are giving security under the Bastuban Loan, an administrator in bankruptcy will be appointed by the court with a view to realising the assets of those entities (in a manner that will provide the relevant Security Agent with the best possible dividend) and in the interim will take over management.

Enforcement in Portugal

The enforcement remedies described in relation to each of the assets set out below arise (unless otherwise stated) pursuant to Portuguese law governed security which was granted in connection with the Degi – Expo Tower Loan and the Degi – Entrecampos Loan.

Properties in Portugal

Under the Degi – Expo Tower Loan and the Degi – Entrecampos Loan, each of the relevant Borrowers granted security over the properties it owns in Portugal (the “Portuguese Property”) in favour of the relevant Lender.

Under the Portuguese Civil Procedure Code, enforcement of security interests involve seven main steps: (i) the presentation to the competent court of a petition seeking execution by the secured creditor; (ii) the seizure by the secured creditor of the assets of the debtor; (iii) the service of proceedings on the debtor; (iv) the service of proceedings on creditors of the debtor who, as a matter of law, have a security claim in respect of the seized assets; (v) the decision of the court ordering the debtor to make payment and setting the order of priority in which creditors are to be paid, assuming there to be multiple creditors; (vi) the sale, by way of court order, of the secured assets; and (vii) the distribution of the proceeds of sale of the relevant assets, in accordance with the order of priority determined by the courts.

The relevant Lender can only enforce the security over the Portuguese Property through a court procedure, whereby the relevant Lender is entitled to demand the sale by a court of the Portuguese Property and be paid from the proceeds of such sale (after payment to the preferential creditors, if any).

The relevant Lender may not take possession or become owner of the Portuguese Property (foreclosure) by virtue of enforcement of the mortgage, and is only entitled to be paid out of the proceeds of sale of the Portuguese Property.

Should the relevant Lender be willing to acquire the Portuguese Property, he may bid in the court sale along with (but with no preference over) any other parties interested in the purchase of the Portuguese Property.

Where there are various creditors with mortgages over the same property, the proceeds of the sale of the property are distributed among the secured creditors in accordance with the registration priority and are allocated first to the payment of the first ranking secured creditor, with the remaining amount (if any) being allocated to the next ranking creditor. Although mortgages have priority over non-secured creditors, there are preferential rights which apply as a matter of law and which rank ahead of a mortgage such as amounts due to the Portuguese Republic in respect of social security charges and taxes and employees’ credits in respect of unpaid salaries due by the mortgagor.

Court procedures in relation to enforcement of mortgages over real property usually take two to four years on average for a final decision to be reached on the execution of a mortgage loan. Court fees payable in relation to the enforcement process are calculated on the basis of a fixed percentage of the value of the property.

To seize a right, such as rent receivables, the Court notifies the tenant of such seizure. Upon such notification, the tenant will have to pay the rent to the Court and not to the debtor. In the event that the debtor is declared insolvent, all execution and enforcement proceedings will be stayed. In such a scenario, the secured creditor will have to claim the payment of its credit and enforce its security within the insolvency proceedings. Payment will depend on the admission and ranking of credits by judicial decision.

As a matter of Portuguese insolvency law, a pledge over rents will, in certain circumstances, expire and have no further effect in respect of rents that become due one month after the declaration of

insolvency of the grantor thereof. To that extent, a pledge of rents granted in respect of the Portuguese Properties may expire upon the insolvency of the grantor provided that such insolvency is governed by Portuguese law.

Enforcement in Gibraltar

Share pledge

Under the Nibelung Loan, equitable mortgages of shares were granted by (i) each of the parent companies of Broombridge and Lumley over the shares of Broombridge and Lumley respectively and (ii) by Broombridge and Lumley over the shares of Swinburn Holdings Limited (the “Gibraltar Mortgages of Shares”) in favour of the relevant Security Agent.

In relation to a Gibraltar law governed mortgage over shares, a mortgagee may either (i) sell the shares or (ii) appoint a receiver.

The power of sale is the remedy typically exercised by a mortgagee in respect of a mortgage of shares. Where an equitable mortgage is created, no court procedure is required to be followed in the exercise of the right of sale under Gibraltar law on enforcement of the security document and the mortgagee is free to sell the secured shares.

Following the enforcement of the Gibraltar Mortgages of Shares and the subsequent sale of any of the shares to a third party, such third party will be purchasing the shares pursuant to the power of sale. Accordingly, the purchaser will purport to become the new shareholder of the company.

In a winding-up proceeding, any disposition of the property of the company, including any transfer of shares or alteration in the status of the members of the company made after the commencement of the winding-up, shall be void unless the court orders otherwise.

The Gibraltar companies whose shares were charged in favour of the relevant Security Agent under the Nibelung Loan are registered as “tax exempt companies” under the Companies (Taxation and Concessions) Ordinance. Therefore, the consent of the Finance Centre Director (as defined in the relevant Ordinance) in relation to the creation and enforcement of the security interest is necessary. Any transfer of shares on enforcement pursuant to the share security without the consent of the Finance Centre Director under the relevant Ordinance would be null and void. However, the Finance Centre Director would be unlikely to refuse his consent to a transfer of the shares provided that the “new” shareholder submitted an acceptable reference from a lawyer, banker or accountant.

European Union Insolvency Regulation

Council Regulation (EC) No. 1346/2000 (the “Insolvency Regulation”) contains provisions which affect cross border insolvencies and which took effect on 31 May 2002. The Insolvency Regulation contains provisions dealing with the jurisdictional powers of the courts within member states and the law which will be applied in cases where the Insolvency Regulation takes effect.

The Insolvency Regulation applies to collective insolvency proceedings. This means insolvency proceedings conducted for the benefit of creditors generally and does not therefore apply to any form of receivership or enforcement action by the relevant Security Agent under the Trust Deed. In the event of collective insolvency proceedings against the Issuer and/or the Borrower and/or the shareholders/partners of the Borrowers, as applicable, the courts in the member state in which the debtor has its “centre of main interests” (in absence of proof to the contrary, the member state in which the debtor is registered or maintains its registered office) will have jurisdiction and any such proceedings shall be effective throughout all member states within the European Union, unless secondary proceedings are opened in another member state.

The courts of other member states have jurisdiction to open insolvency proceedings against a debtor only if it possesses an “establishment” within another member state. This means that it must carry out operations of an economic activity which are non transitory and with human means and goods in such member state. The court’s jurisdiction in such proceedings is restricted to the assets of the debtor situated within that member state’s territory and such secondary proceedings may only be opened prior to the opening of main insolvency proceedings provided they are limited to (i) proceedings commenced by creditors domiciled or registered within that member state; or (ii) circumstances where proceedings cannot be opened in the territory in which the debtor’s centre of main interest is situated because of conditions laid down by that member state. Furthermore, secondary proceedings must be winding up proceedings.

The general effect of the Insolvency Regulation is that the law applicable to insolvency proceedings shall be that of the member state in which the main or secondary proceedings are opened although this is subject to a number of exceptions as set out in the Insolvency Regulation. These exceptions relate to, *inter alia*, rights *in rem* and rights of set off. Although there is no jurisprudence on what constitutes “rights *in rem*”, the Insolvency Regulation states that the opening of insolvency proceedings shall not affect the rights *in rem* of creditors or third parties in respect of tangible or intangible, movable or immovable assets (both specific assets and collections of indefinite assets as a whole which change from time to time) belonging to the debtor which are situated within the territory of another member state at the time of the opening of proceedings. “rights *in rem*” include the right to dispose of assets and have them disposed of, the right to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or mortgage, the exclusive right to have a claim met, in particular, a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of guarantee and a right *in rem* to the beneficial use of assets and a right to demand the assets from, and/or require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled. The right, recorded in a public register and enforceable against third parties, under which a right *in rem*, as set out above, may be obtained, will be considered a right *in rem*. In broad terms, the Insolvency Regulation provides that rights *in rem* will be subject to the law of the member state in which the asset is situated. As regards rights of set off, the opening of insolvency proceedings under the Insolvency Regulation shall not affect such rights where the law applicable to the debtor’s claim against the creditor permits such a claim.

The precise interaction between main and secondary proceedings in the event of legal systems’ conflicting approaches on insolvency is unclear. Although the Insolvency Regulation does allow the secondary proceedings to be stayed at the request of the liquidator in the main proceedings, any such request being very difficult to refuse, this remains subject to the court possibly requiring the liquidator to take any suitable measure to guarantee the interests of the creditors in the secondary proceedings.

The overall effect of the Insolvency Regulation is to codify the law allowing different courts to exercise jurisdiction over different assets of a debtor. Each court may apply different laws depending upon where the debtor is situated and where the assets are situated. In doing so, the courts in each member state will be required to make reference to the provisions of the Insolvency Regulation.

The Insolvency Regulation will be subject to construction and evolution of case law, which may differ between the various member states’ courts.

CASHFLOWS

Collection Procedures

Borrowers are required to make quarterly payments of principal, interest and other amounts (such as in respect of prepayments, recoveries, break costs and fees and other charges) in respect of their Loans. All payments to be made by Borrowers in respect of amounts due under their Loans are made by the Borrower on the relevant Loan Interest Payment Date, either by direct debit or by way of bank transfer, from an account established for this purpose by the relevant Borrower (the “Borrower Accounts”, each a “Borrower Account”) to a collection account (the “Collection Account”).

As at the date of this document, each Borrower Account is maintained by the relevant Borrower (but controlled by the relevant Lender or the relevant Security Agent (as the case may be) with a bank as specified under the relevant Credit Agreement in respect of the Loans (the “Borrower Account Bank”), which is an Eligible Bank. If at any time the Borrower Account Bank ceases to be an “Eligible Bank” (as defined herein) then Citibank International plc, as Master Servicer, may be required, under certain circumstances, to arrange for the designation of a replacement bank account with an Eligible Bank as the Borrower Account Bank.

The Master Servicer will, under the relevant Servicing Agreement be required to identify and transfer collections received in the Collection Account which relate to the Loans (the “Collections”) on a daily basis and, at the end of each Business Day following the Business Day on which funds were received, on behalf of the Issuer, the FCC (in respect of each of the Elancourt Compartment and the Selaht Compartment) or SAGRES, as the case may be.

Amounts received in respect of the French Loans and Portuguese Loans will be transferred to accounts of the Elancourt Compartment (the “Elancourt Compartment Collection Accounts”), the Selaht Compartment (the “Selaht Compartment Collection Accounts”) or SAGRES (the “SAGRES Account”) respectively and payment of amounts due under the FCC Senior Notes or the SAGRES Notes (as applicable) will be transferred on each interest payment date of the FCC Notes and SAGRES Notes respectively to the Issuer (after deduction of the FCC or SAGRES (as applicable) costs, fees and expenses (which include the costs, fees and expenses of the Relevant Servicer and, in the case of the FCC Senior Notes, amounts payable to the Liquidity Facility Provider in respect of the relevant Compartment).

The Master Servicer together with the Cash Manager in respect of the FCC Notes and the SAGRES Notes will identify for the Issuer all (i) Scheduled Principal Receipts, Prepayment Receipts and Principal Recoveries on the Direct Loans which it will arrange to be transferred to an Issuer Account (the “Issuer Principal Account”) and principal repayments on the FCC Senior Notes and SAGRES Notes which will be paid to the Issuer Principal Account under the terms of the FCC Notes and the SAGRES Notes respectively and (ii) Interest Receipts, Revenue Recoveries, Prepayment Fees and Additional Fees on the Direct Loans which it will arrange to be transferred to an Issuer Account (the “Issuer Revenue Account”) and interest and any premium or further amounts on the FCC Senior Notes or the SAGRES Notes which will be paid to the Issuer Revenue Account under the terms of the FCC Notes and the SAGRES Notes respectively. All bank accounts of the Issuer (except its share capital account) will be required to be maintained with the Issuer Account Bank and will be subject to the terms of the Issuer Bank Agreement.

The Master Servicer, together with the Cash Manager in respect of amounts received in respect of the FCC Notes and the SAGRES Notes, will be responsible (under the Servicing Agreements and the Cash Management Agreement respectively) for identifying and recording which category of Collections are received, as follows:

- (i) scheduled amounts of principal repayable in respect of Loans (including final repayments on the Loan Maturity Date in respect of the Loans) (“Scheduled Principal Receipts”);
- (ii) all amounts of interest payable in respect of Loans (“Interest Receipts”);
- (iii) amounts of principal arising in respect of a prepayment of principal (“Prepayment Receipts”);
- (iv) amounts recovered (less any expenses) following enforcement in respect of a Loan and/or its Related Security up to the principal amount outstanding of the Loan or upon sale of a Loan either by the Issuer, the FCC or SAGRES (“Principal Recoveries”) (the amounts of any excess received being “Revenue Recoveries”);

- (v) amount recovered (less any expenses) following enforcement in respect of a Loan and/or its Related Security in excess of the principal amount outstanding of the Loan less any Loss in respect of a Loan (“Writebacks”);
- (vi) fees or break costs (if any) arising in respect of a prepayment of a Loan, FCC Note or SAGRES Note which is not allocated to interest or principal (“Prepayment Fees”);
- (vii) other fees and charges payable by a Borrower under the terms of its Loan (“Additional Fees”);
- (viii) all amounts of payments paid to the Issuer Relevant Account or the Issuer Principal Account by mistake;
- (ix) any indemnity payments in respect of the Loans;
- (x) interest payable together with any premium or other amounts (other than FCC Note Principal) on the FCC Notes (“FCC Note Interest”);
- (xi) interest payable together with any premium or other amounts (other than SAGRES Note Principal) on the SAGRES Notes (“SAGRES Note Interest”);
- (xii) principal paid on the FCC Notes (“FCC Note Principal”);
- (xiii) principal paid on the SAGRES Notes (“SAGRES Note Principal”);
- (xiv) the outstanding Direct Loan Residual Consideration, SAGRES Loan Residual Consideration and French Loan Residual Consideration; and
- (xv) any amounts received by the Issuer in recompense for any Sunrise Protection Payments made by it.

“Sunrise Protection Payments” means all advances to be made by (or on behalf of) the Issuer as lender under the Sunrise Loan in accordance with the intercreditor and servicing arrangements applicable to the Sunrise Loan which for the avoidance of doubt, shall not exceed that part of the Revenue Funds received in respect of the Sunrise Loan and shall only be made in circumstances appropriate for a Prudent Mortgage Lender to protect the value of its interest under the Sunrise Loan.

The Master Servicer (where applicable acting on information provided by the Special Servicer) will be required to notify the Cash Manager, on a quarterly basis, of the amount of Collections attributable to each such category (together with amounts that were payable), except in relation to amounts received under the FCC Notes and the SAGRES Notes (which will be recorded by the Cash Manager), and the Cash Manager will record this in the Cash Report.

Under the terms of the Cash Management Agreement, the Cash Manager will be entitled to use funds in the Issuer Principal Account, the Issuer Revenue Account and the Liquidity Stand-by Account which are not immediately required by the Issuer to make or purchase Eligible Investments.

Quarterly Determinations

The Cash Manager will be required, in respect of the 27th day of each calendar month in which an Interest Payment Date falls (or, if such day is not a Business Day, on the next following Business Day) (each a “Determination Date”) to produce a Cash Report containing, amongst other things, details of (i) the amount of Revenue Funds and Principal Receipts received by the Issuer during the Calculation Period then ended and (ii) Available Redemption Funds in respect of the Calculation Period then ended.

“Revenue Funds” means, in respect of any Calculation Period, the aggregate (without double-counting) of:

- (i) all Interest Receipts in respect of the Direct Loans, Prepayment Fees in respect of the Direct Loans, Additional Fees in respect of the Direct Loans, FCC Note Interest and SAGRES Note Interest received by the Issuer during that period;
- (ii) any amounts scheduled to be received from the Swap Counterparty on the next following Interest Payment Date;
- (iii) interest paid on the Issuer Accounts and earnings received on any Eligible Investments purchased for the Issuer during that period;
- (iv) the aggregate of all Revenue Recoveries in respect of the Direct Loans received during that period;
- (v) any other receipts (other than Principal Receipts) received by the Issuer during that period; and

- (vi) (a) an amount standing to the credit of the Expenses Accounts to satisfy payment in full of items (i) to (vii)(a), (ix), (xi), (xiii), (xv), (xvii), (xix), (xx) and (xxii) to (xxiv) in the Pre-Enforcement Revenue Priority of Payments to the extent such items would not otherwise be paid in full from amounts available as Revenue Funds referred to in paragraphs (i) to (v) (inclusive) above; (b) an amount of any Available Redemption Funds to be applied to enable payment of the items (i) to (vi) of the Pre-Enforcement Revenue Priority of Payments to the extent such items would not otherwise be paid in full from amounts available as Revenue Funds referred to in paragraphs (i) to (vi)(a) (inclusive) above;

less:

- (vii) the aggregate amount of any refunds in respect of the above made by the Issuer (or the Relevant Servicer on behalf of the Issuer) to banks in respect of incorrect payments, direct debit recalls, dishonoured cheques or otherwise dishonoured or recalled payments during that period;
- (viii) any collateral (other than Excess Swap Collateral) transferred by the Swap Counterparty to the Issuer pursuant to the Swap Agreement and any interest or distributions in respect thereof (“Swap Collateral”);
- (ix) any Excess Swap Collateral;
- (x) any Replacement Swap Premium; and
- (xi) any Swap Tax Credit Amount.

“Principal Receipts” means, in respect of any period, the aggregate of Scheduled Principal Receipts in respect of the Direct Loans, Prepayment Receipts in respect of the Direct Loans, Principal Recoveries in respect of the Direct Loans, FCC Note Principal and SAGRES Note Principal in each case referable to such period.

“Available Redemption Funds” means, in respect of an Interest Payment Date, the aggregate of:

- (i) Principal Receipts received in the immediately preceding Calculation Period; and
- (ii) Deemed Principal Receipts arising on that Interest Payment Date.

“Deemed Principal Receipts” means, in respect of any Calculation Period, the aggregate of the amounts to be applied from Revenue Funds on the following Interest Payment Date under paragraphs (viii), (x), (xii), (xiv), (xvi) and (xviii) of the Pre-Enforcement Revenue Priority of Payments.

“Excess Swap Collateral” means, with respect to the Swap Counterparty, an amount equal to the value of any collateral (or the applicable part thereof) transferred by the Swap Counterparty to the Issuer pursuant to the Swap Agreement that is in excess of the Swap Counterparty’s liability, as applicable, to the Issuer thereunder (i) as at the date of termination of any Basis Swap Transaction and/or any Currency Swap Transaction and/or any Fixed/Floating Swap Transaction, and (ii) that the Swap Counterparty is otherwise entitled to have returned to it in accordance with the terms of the Swap Agreement.

“Replacement Swap Premium” means any premium or upfront payment received by the Issuer from a replacement swap counterparty under a replacement transaction to the extent of the termination payment due to the Swap Counterparty under the Swap Agreement.

“Swap Subordinated Amounts” means any termination payment payable to the Swap Counterparty following the occurrence of an event of default under the Swap Agreement, where the Swap Counterparty is the defaulting party, or of an additional termination event under the Swap Agreement following a ratings downgrade of the Swap Counterparty but only to the extent that such termination payment is in excess of any premium received from a replacement swap counterparty in respect of the transaction terminated under the Swap Agreement.

Calculation of Senior Expenses Shortfall

On each Determination Date, the Cash Manager will be required to calculate whether or not there will be sufficient Revenue Funds (ignoring for the purposes of this calculation the amount referred to in paragraph (vi) of the definition thereof) to enable the Issuer to pay or provide for in full the amounts referred to in paragraphs (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments.

If there would be any such insufficiency (the “Senior Expenses Shortfall”), then the Cash Manager will (subject as described below) be required to apply (under paragraph (i) of the Pre-Enforcement

Principal Priority of Payments) Available Redemption Funds (to the extent available) as Revenue Funds in an amount sufficient to pay or provide for in full the amounts referred to in paragraphs (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, in that order of priority, in an amount equal to the then Senior Expenses Shortfall.

Pre-Enforcement Revenue Priority of Payments

Prior to enforcement of the Issuer Security, Revenue Funds calculated in respect of each Determination Date will be applied by the Cash Manager (on behalf of the Issuer and the Trustee) on the following Interest Payment Date, in the following order of priority (the “Pre-Enforcement Revenue Priority of Payments”) (in each case only if and to the extent that the payments and provisions of a higher priority have been paid in full):

- (i) in or towards payment, *pro rata* and *pari passu* according to the amounts then payable, of all amounts then payable to the Trustee and any person appointed by it under the Trust Deed, the Deed of Charge or any other Transaction Document to which it is a party;
- (ii) in or towards satisfaction of the Issuer’s liabilities to third parties incurred in the course of the Issuer’s business and not otherwise provided for in this order of priorities, including the provision for and payment of the Issuer’s liability (if any) to income tax (impôt sur le revenu, impôt commercial communal, impôt sur la fortune);
- (iii) in or towards payment, *pro rata* and *pari passu*, according to the amounts then payable, of:
 - (a) all amounts then payable to the Paying Agents and the Agent Bank under the Agency Agreement;
 - (b) all amounts then payable to the Issuer Account Bank under the Issuer Bank Agreement;
 - (c) all amounts then payable to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than Liquidity Subordinated Amounts);
 - (d) all amounts then payable to the Corporate Services Provider under the Corporate Services Agreement;
 - (e) all amounts then payable to the Cash Manager under the Cash Management Agreement; and
 - (f) all amounts then payable to the Registrar under the Registrar Agreement;
- (iv) to the extent that such amounts have not already been paid, in or towards payment, *pro rata* and *pari passu* to the Master Servicer in respect of the Servicing Fee and Servicing Expenses, the Special Servicer in respect of the Special Servicing Fee, and any other amount due to the Master Servicer or the Special Servicer pursuant to the Direct Loan Servicing Agreement (including any Liquidation Fees or Restructuring Fees);
- (v) in or towards payment, of the amounts then payable to the Swap Counterparty under the Swap Transactions other than (A) any Excess Swap Collateral, Replacement Swap Premium and/or Swap Tax Credit Amount (which will be paid directly to the Swap Counterparty) and (B) any Swap Subordinated Amounts;
- (vi) to the extent that such amounts have not already been paid, in or towards Sunrise Protection Payments;
- (vii) in or towards payment of on a *pro rata* and *pari passu* basis:
 - (a) *pro rata* and *pari passu*, all amounts of interest then due or overdue in respect of the Class A Notes; and
 - (b) *pro rata* and *pari passu*, all amounts of interest then due or overdue in respect of the Class X Notes;
- (viii) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class A Principal Deficiency Ledger to zero;
- (ix) all amounts of interest then due or overdue in respect of the Class B Notes;
- (x) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class B Principal Deficiency Ledger to zero;
- (xi) all amounts of interest then due or overdue in respect of the Class C Notes;
- (xii) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class C Principal Deficiency Ledger to zero;

- (xiii) all amounts of interest then due or overdue in respect of the Class D Notes (other than any Excess Class D Interest Amount);
- (xiv) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class D Principal Deficiency Ledger to zero;
- (xv) all amounts of interest then due or overdue in respect of the Class E Notes (other than any Excess Class E Interest Amount);
- (xvi) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class E Principal Deficiency Ledger to zero;
- (xvii) all amounts of interest then due or overdue in respect of the Class F Notes (other than any Excess Class F Interest Amount);
- (xviii) in or towards application as Deemed Principal Receipts in such amount as is required to reduce any debit balance on the Class F Principal Deficiency Ledger to zero;
- (xix) in or towards payment of any Liquidity Subordinated Amounts then payable to the Liquidity Facility Provider;
- (xx) in or towards payment of Swap Subordinated Amounts then payable to the Swap Counterparty;
- (xxi) until all the Notes have been redeemed in full, if the amount standing to credit of the Expenses Account is less than the Expenses Account Required Amount, to credit to the Expenses Account an amount equal to the difference in (a) the Expenses Account Required Amount and (b) the amount standing to the credit of the Expenses Account on such date;
- (xxii) in paying all amounts of interest in respect of the Excess Class D Interest Amounts (if any);
- (xxiii) in paying all amounts of interest in respect of the Excess Class E Interest Amounts (if any);
- (xxiv) in paying all amounts of interest in respect of the Excess Class F Interest Amounts (if any);
- (xxv) in paying the Direct Loan Residual Consideration (until such amount has been paid in full);
- (xxvi) in paying all amounts of interest then due or overdue in respect of the Class R Notes;
- (xxvii) in redeeming the Class R Notes on the Final Maturity Date; and
- (xxviii) the surplus (if any) to the Issuer.

Pre-Enforcement Principal Priority of Payments

On each Interest Payment Date, prior to the enforcement of the Issuer Security, the Cash Manager (on behalf of the Issuer and the Trustee) will apply Available Redemption Funds in making payments in the following order of priority (the “Pre-Enforcement Principal Priority of Payments”) (in each case only if and to the extent that the payments and provisions of a higher priority have been paid in full):

- (i) to the extent that Revenue Funds would be insufficient to pay in full the amounts described in paragraphs (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, in or towards application as Revenue Funds in an amount, sufficient to provide in full the amounts referred to in paragraphs (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments (in that order of priority), equal to the then Senior Expenses Shortfall;
- (ii) if a Sequential Payment Trigger has not occurred, then:
 - (A) in relation to Available Redemption Funds (after making payment in paragraph (i) above) attributable to Scheduled Principal Receipts in respect of the Direct Loans, Principal Recoveries in respect of the Direct Loans, FCC Note Principal which derives from Scheduled Principal Receipts or Principal Recoveries in respect of the French Loans and SAGRES Note Principal which derives from Scheduled Principal Receipts or Principal Recoveries in respect of the Portuguese Loans, in or towards redeeming the Rated Notes in the following order of priority:
 - (a) the Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (b) the Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;

- (c) the Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (d) the Class D Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (e) the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero; and
 - (f) the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (B) in relation to Available Redemption Funds (after making payment in paragraph (i) above) attributable to Prepayment Receipts in respect of the Direct Loans other than the Nibelung Loan, FCC Note Principal which derives from Prepayment Receipts in respect of the French Loans and SAGRES Note Principal which derives from Prepayment Receipts in respect of the Portuguese Loans, such amounts will be applied in the following order:
- (I) first, an amount (if any) equal to any Pro rata Amount will be applied in or towards redeeming, *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:
 - (a) the Class A Notes;
 - (b) the Class B Notes;
 - (c) the Class C Notes;
 - (d) the Class D Notes; and
 - (e) the Class E Notes,
 in each case until the same have been redeemed in full; and
 - (II) secondly, an amount (if any) equal to any Sequential Amount will be applied in or towards redeeming the Rated Notes in the following order of priority:
 - (a) the Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (b) the Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (c) the Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (d) the Class D Notes until the Principal Amount Outstanding thereof is reduced to zero; and
 - (e) the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (C) in relation to Available Redemption Funds (after making payment in paragraph (i) above) attributable to Prepayment Receipts in respect of:
- (I) prepayment of the Nibelung Loan in full, firstly in or towards redeeming the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero and then in or towards redeeming *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:
 - (a) the Class A Notes;
 - (b) the Class B Notes;
 - (c) the Class C Notes;
 - (d) the Class D Notes; and
 - (e) the Class E Notes,
 in each case until the same have been redeemed in full; and
 - (II) prepayment of the Nibelung Loan in part when such prepayment will not result in the outstanding principal balance of the Nibelung Loan being reduced to €16,800,000 or less, in or towards redeeming, *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:
 - (a) the Class A Notes;
 - (b) the Class B Notes;
 - (c) the Class C Notes;

- (d) the Class D Notes;
- (e) the Class E Notes; and
- (f) the Class F Notes,

in each case until the same have been redeemed in full;

- (III) prepayment of the Nibelung Loan in part when after such prepayment, the outstanding principal balance of the Nibelung Loan will be less than €16,800,000,

first, an amount equal to the difference between the outstanding principal balance of the Nibelung Loan prior to the prepayment and €16,800,000 (if such difference would be greater than zero) will be applied in or towards redeeming, *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:

- (a) the Class A Notes;
- (b) the Class B Notes;
- (c) the Class C Notes;
- (d) the Class D Notes;
- (e) the Class E Notes; and
- (f) the Class F Notes,

in each case until the same have been redeemed in full;

secondly, any remaining Prepayment Receipts under this paragraph (ii)(C)(III) will be applied in or towards redeeming the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero and then in or towards redeeming *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:

- (a) the Class A Notes;
- (b) the Class B Notes;
- (c) the Class C Notes;
- (d) the Class D Notes; and
- (e) the Class E Notes,

in each case until the same have been redeemed in full;

- (iii) if a Sequential Payment Trigger has occurred, in or towards redeeming the Rated Notes in the following order of priority:

- (a) the Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (b) the Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (c) the Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (d) the Class D Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (e) the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero; and
- (f) the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero.

“*Pro rata Amount*” for any Interest Payment Date will be equal to the sum, without duplication, of: (i) any Prepayment Receipts in respect of the Bastuban Loan; and (ii) 50 per cent. of the aggregate Prepayment Receipts (if any) in respect of the Elancourt Loan, the Selaht Loan, the Nawon Loan and the Sunrise Loan, all of which have been received during the related Calculation Period.

“*Sequential Amount*” for any Interest Payment Date will be equal to the sum, without duplication, of: (i) the aggregate Prepayment Receipts (if any) in respect of the Degi – Expo Tower Loan and the Degi – Entrecampos Loan; and (ii) 50 per cent. of the aggregate Prepayment Receipts (if any) in respect of the Elancourt Loan, the Selaht Loan, the Nawon Loan and the Sunrise Loan, all of which have been received during the related Calculation Period.

For the purposes of applying the Available Redemption Funds in accordance with the Pre-Enforcement Principal Priority of Payments, the Cash Manager will, based on information provided by the Master Servicer, identify the source of each constituent of the Principal Receipts, including the nature of receipts in respect of the French Loans and the Portuguese Loans which are received by the Issuer as FCC Note Principal and SAGRES Note Principal.

Determination of Sequential Payment Trigger

The Cash Manager (acting on information provided by the Master Servicer or the Special Servicer, as the case may be) will be required to determine, as at every Determination Date in respect of the immediately following Interest Payment Date, whether or not the Sequential Payment Trigger is then met.

“Sequential Payment Trigger” for any Determination Date means any of the following circumstances:

- (i) there is a Loan Event of Default subsisting in respect of any of the Loans, based on the original loan terms of such Loan as at the Issue Date, on such Determination Date; or
- (ii) the cumulative percentage of the Loans which have defaulted since the Issue Date is greater than 10 per cent. of the aggregate principal amount outstanding of the Loans as of the Issue Date, provided that, in determining whether a Loan has defaulted for the purposes of this paragraph (ii):
 - (a) such determination shall be made solely on the basis of the terms of the relevant Credit Agreement as at the Issue Date and without regard to any subsequent amendments to the relevant Credit Agreement or waivers granted in respect thereof; and
 - (b) a Loan Event of Default (if so determined in the Investor Report for the immediately preceding Interest Period) shall not be deemed to have occurred if (I) the default is with respect to payment and such default has been remedied or cured within five Business Days of such default, and/or (II) the default is other than with respect to payment, the default is capable of being remedied or cured and such default has been remedied or cured by the Borrower within 30 days of such default being notified in accordance with the terms of the relevant Credit Agreement, and/or (III) enforcement procedures have been completed and the principal amount outstanding of all amounts of interest, fees, expenses and any other amounts payable by the relevant Borrower in respect of such defaulted Loan have been received in full or the relevant Borrower has prepaid the defaulted Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the relevant Borrower in respect of such defaulted Loan); or
- (iii) the aggregate Principal Amount Outstanding of the Rated Notes (other than the Class X Notes) is less than 20 per cent. of the initial aggregate Principal Amount Outstanding of the Rated Notes (other than the Class X Notes).

The Principal Amount Outstanding of the Class X Notes will be repaid from amounts on deposit in the Class X Principal Account in accordance with Condition 7.2.

Intra-Period Cashflows

Prior to enforcement of the Issuer Security, the Cash Manager will also be responsible for making additional payments on behalf of the Issuer on any date, in respect of servicing expenses. The Cash Manager will, upon written instruction by the Master Servicer, advance to the Master Servicer (or, if so directed by the Master Servicer, to the Expenses Account) (using funds standing to the credit of the Issuer Revenue Account) such reasonable expenses as are payable by the Issuer to the Master Servicer under the Servicing Agreement, to enable the Master Servicer to make payment thereof in accordance with its performance of its obligations under the relevant Servicing Agreement.

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 the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, all monies received or recovered by the Trustee, or any receiver appointed by it (other than any Swap Collateral, Excess Swap Collateral, Replacement Swap Premium or Swap Tax Credit Amount), for the benefit of the Secured Creditors will be held by it on trust, to be applied in the same order of priority as the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, but:

- (i) as if references in paragraph (i) of the Pre-Enforcement Revenue Priority of Payments to the Trustee and any person appointed by the Trustee were to include the receiver appointed by the Trustee as well as the Trustee itself;
- (ii) disregarding paragraph (ii) of the Pre-Enforcement Revenue Priority of Payments; and

- (iii) as if paragraph (xxviii) of the Pre-Enforcement Revenue Priority of Payments was amended so that the surplus amounts referred to in that paragraph are retained rather than paid to the Issuer or other persons entitled to it

(the “Post-Enforcement/Pre-Acceleration Priority of Payments”).

Post-Acceleration Priority of Payments

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, all funds recovered by or on behalf of the Trustee (other than any principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing, any Swap Collateral, Excess Swap Collateral, Replacement Swap Premium or Swap Tax Credit Amount and amounts standing to the credit of the Class X Principal Account) will be applied in the following order of priority (the “Post-Acceleration Priority of Payments” and, together with the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement 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 paid in full):

- (i) first, *pro rata* and *pari passu* according to the amounts then payable to the Trustee and any receiver or other person appointed by any of them under the Trust Deed, the Deed of Charge or any other Transaction Document to which it is a party;
- (ii) second, *pro rata* and *pari passu* according to the amounts then payable:
 - (a) all amounts payable to the Paying Agents and the Agent Bank under the Agency Agreement;
 - (b) all amounts payable to the Issuer Account Bank under the Issuer Bank Agreement;
 - (c) all amounts payable to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
 - (d) all amounts payable to the Corporate Services Provider under the Corporate Services Agreement;
 - (e) all amounts payable to the Cash Manager under the Cash Management Agreement; and
 - (f) all amounts payable to the Registrar under the Registrar Agreement;
- (iii) third, *pro rata* and *pari passu* according to the amounts then payable, all amounts payable to the Master Servicer in respect of the Servicing Fee and Servicing Expenses, 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 any Liquidation Fees or Restructuring Fees);
- (iv) fourth, all amounts then payable to the Swap Counterparty under the Swap Agreement (other than (a) any Excess Swap Collateral, Replacement Swap Premium and/or Swap Tax Credit Amount (which will be paid directly to the Swap Counterparty) and (b) Swap Subordinated Amounts);
- (v) fifth, *pro rata* and *pari passu*:
 - (a) all amounts then due or overdue in respect of the Class A Notes; and
 - (b) all amounts of interest then due or overdue in respect of the Class X Notes;
- (vi) sixth, all amounts then due or overdue in respect of the Class B Notes;
- (vii) seventh, all amounts then due or overdue in respect of the Class C Notes;
- (viii) eighth, all amounts then due or overdue in respect of the Class D Notes (other than any Excess Class D Interest Amount);
- (ix) ninth, all amounts then due or overdue in respect of the Class E Notes (other than any Excess Class E Interest Amount);
- (x) tenth, all amounts then due or overdue in respect of the Class F Notes (other than any Excess Class F Interest Amount);
- (xi) eleventh, all Liquidity Subordinated Amounts then payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;

- (xii) twelfth, all Swap Subordinated Amounts then payable to the Swap Counterparty under the Swap Agreement;
- (xiii) thirteenth, all amounts in respect of the Excess Class D Interest Amounts;
- (xiv) fourteenth, all amounts in respect of the Excess Class E Interest Amounts;
- (xv) fifteenth, all amounts in respect of the Excess Class F Interest Amounts;
- (xvi) sixteenth, the Direct Loan Residual Consideration (to the extent that such amount has not previously been paid in full);
- (xvii) seventeenth, all amounts then due or overdue in respect of the Class R Notes; and
- (xviii) eighteenth, the surplus (if any) to the Issuer or other persons entitled thereto.

The Principal Amount Outstanding of the Class X Notes will be repaid from amounts on deposit in the Class X Principal Account such amounts being reserved for this purpose and not available for any other distribution.

SERVICING

Introduction

Each of the Issuer (together with the Trustee), the FCC Management Company (in respect of each of the Elancourt Compartment and the Selaht Compartment) and SAGRES (each, as applicable, being the “Relevant Servicer Principal”) will appoint CIP as the initial Master Servicer and Special Servicer of the relevant Loans, on their behalf, under separate servicing agreements to be entered into on or prior to the Issue Date (the “Direct Loan Servicing Agreement”, which consists of a servicing agreement in respect of each Direct Loan, the “Elancourt Loan Servicing Agreement”, the “Selaht Loan Servicing Agreement” and the “SAGRES Servicing Agreement” respectively and together the “Servicing Agreements”). In respect of each of the Whole Direct Loans, CIP will also be appointed by the purchasers of the Subordinated Loans as initial Master Servicer and Special Servicer (under the Direct Loan Servicing Agreement). The Master Servicer will perform the day-to-day servicing of the Loans and exercise the rights of the Relevant Servicer Principal as lender under the relevant Finance Documents. Following the occurrence of a Special Servicing Event (as defined below), the Special Servicer will service the relevant Specially Serviced Loan. In acting as agent for the Relevant Servicer Principal, the Master Servicer or the Special Servicer must act in accordance with the Servicing Standard (as defined below) and the provisions of the relevant Servicing 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. The Master Servicer and (where applicable) the Special Servicer shall take all measures it deems necessary or appropriate in accordance with the Servicing Standard to administer and collect the Loans and in exercising its obligations and discretions under the Servicing Agreements. Each of the Master Servicer and the Special Servicer must act in accordance with the following requirements at all times (the “Servicing Standard”), and in the event that the Master Servicer or Special Servicer considers there to be a conflict between them, in the following priority:

- (i) all applicable legal and regulatory requirements;
- (ii) the terms of the applicable Loan Documentation and, if applicable, intercreditor documentation entered into in respect of such Loan Documentation;
- (iii) any covenants or restrictions contained in the relevant Servicing Agreement;
- (iv) in relation to the Direct Loan Servicing Agreement, the directions of the Trustee (if any) which may only be given after the Issuer Security has become enforceable; in relation to the Elancourt Loan Servicing Agreement and the Selaht Loan Servicing Agreement (together the “FCC Servicing Agreements”), the directions of the FCC Management Company; and, in relation to the SAGRES Servicing Agreement, the directions of SAGRES; and
- (v) ensuring the maximisation of recovery of funds taking into account:
 - (a) the likelihood of recovery of amounts due in respect of the relevant Loan or Whole Loan (if applicable);
 - (b) the timing of recovery;
 - (c) the costs of recovery; and
 - (d) the interests of the Relevant Servicer Principal and, in the case of a Whole Loan, the Subordinated Lender (subject to the relevant Direct Loan Intercreditor Agreement),

giving due and careful consideration to customary and usual standards of practice of a reasonably prudent mortgage lender servicing loans similar to the Loans and without regard to any fees or other compensation to which it is entitled, or the ownership of it or any of its affiliates of an interest in the Notes or any relationship with the Master Servicer or the Special Servicer or any of their respective affiliates or any other person may have with any Borrower or any other party to the Transaction Documents.

Servicing in respect of the Sunrise Loan will be organised jointly with the DB Lender. For further details, please see “– *Sunrise Servicing and Intercreditor*” below.

Appointment of the Special Servicer

The Master Servicer or the Special Servicer, as applicable, will promptly give notice to the Relevant Servicer Principal, the Cash Manager, the Operating Adviser (in respect of the relevant Loan), 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:

- (i) a payment default occurring with regards to any payment due on the maturity of the relevant Loan;
- (ii) a scheduled payment due and payable in respect of the relevant Loan being delinquent for more than 60 days past its due date;
- (iii) insolvency or bankruptcy proceedings being commenced in respect of the relevant Borrower;
- (iv) in the Master Servicer’s opinion, 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 opinion such breach is not likely to be cured within 30 days of its occurrence;
- (v) any relevant Borrower notifying the Master Servicer, the Special Servicer, the relevant Lender or the relevant Security Agent (as the case may be), the Issuer or the Trustee 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
- (vi) any other Loan Event of Default occurring in relation to the relevant Loan that, in the good faith and reasonable judgement of the Master 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 a Loan becoming a Specially Serviced Loan, actions in respect of the relevant Loan will be undertaken by the Special Servicer except where otherwise provided.

Payments from Borrowers

Payments by Borrowers in respect of amounts due under the Loans will be collected on the relevant Loan Interest Payment Date, either by way of direct debit or by way of bank transfer, from the relevant Borrower Account and credited to the Collection Account. In certain limited circumstances, payments may be made by other means.

Interest and principal payments collected by or on behalf of the FCC under each of the Elancourt Loan and the Selaht Loan will be used to, amongst other things, make payments of interest or principal, as applicable, to the holders of the FCC Elancourt Notes or the FCC Selaht Notes, respectively.

All interest and principal payments collected by or on behalf of the SAGRES under each of the Degi – Expo Tower Loan and the Degi – Entrecampos Loan will be paid out as interest or principal, as applicable, to the SAGRES Noteholder.

Restrictions on Loan Variations and Consents

Neither the Master Servicer nor the Special Servicer will be permitted to consent (whether by way of the exercise of a discretion, the grant of a waiver, indulgence or release and/or an agreement to a modification to the Loan Documentation), on behalf of the Relevant Servicer Principal to any variation in the terms and conditions applicable to any Loan or Specially Serviced Loan or their respective Related Security in respect of the interest basis, the interest rate, the margin, the interest calculation basis, the maturity date (including, for the avoidance of doubt, extending the maturity date), the interest payment dates and/or the amount or frequency of principal repayments except (i) as described under “*Arrears and enforcement*” below, (ii) as required by law or to cure ambiguities or inconsistencies and/or (iii) subject in each case to the Servicing Standard and consideration of the economic position of the Relevant Servicer Principal, to move the maturity date forward or extend the maturity date by a period of no more than 12 months after the scheduled maturity date (provided that such date is no later than 30 months prior to the Final Maturity Date), increase the frequency of principal payments to one payment per quarter or decrease the frequency to one payment per year or increase the amount of any principal repayment.

In respect of Loans where the Relevant Servicer Principal, is asked to provide its consent to the Borrower borrowing additional funds from a third party (“Additional Debt”) (including granting

security for any such Additional Debt), neither the Master Servicer nor (in respect of Specially Serviced Loans) the Special Servicer shall provide on behalf of the Relevant Servicer Principal any such consent, waiver and/or agreement to any necessary modifications and amendments being made to the relevant Loan Documentation unless, as at the date the relevant Additional Debt is incurred (or, in the case of committed Additional Debt to be drawn over a period of time, the date the commitment is entered into), the creditors in respect of such Additional Debt have entered into (i) a subordinated loan agreement pursuant to which such Additional Debt is subordinated to the relevant Loan and Related Security and (ii) (if security is to be granted by the Borrower in respect of the Additional Debt) intercreditor arrangements, that are approved by the Master Servicer or the Special Servicer, as the case may be, acting in accordance with the Servicing Standard.

None of the Issuer, the FCC nor SAGRES will make any further advances to the respective Borrowers under the Loans.

Quarterly Reporting

Pursuant to the Servicing Agreements, the Master Servicer will be required to prepare and deliver to the Cash Manager the Master Servicer Cash Reports at least three Business Days prior to each Determination Date but no earlier than two Business Days after the Loan Interest Payment Date in respect of the Sunrise Loan. The Master Servicer Cash Reports will (together) contain details of, *inter alia*, the cashflows in relation to the Direct Loans, the French Loans, FCC Senior Notes, the Portuguese Loans and the SAGRES Notes for the Calculation Period then ended. The Master Servicer will also be required to prepare and deliver to the Cash Manager reports (the “Master Servicer Loan Pool Reports”) by the tenth Business Day after the Determination Date containing (together) certain information regarding the performance of the Loan Pool for the Calculation Period then ended.

Valuations

Subject to the provisions described in the following paragraph, the Special Servicer must, not later than 90 days after the occurrence of a Special Servicing Event, if the relevant Loan Event of Default is continuing, instruct a third party valuer to carry out a valuation in respect of the relevant Property. The costs of obtaining such valuation will be paid by the Master Servicer or the Special Servicer, as applicable, subject to being reimbursed in accordance with the terms of the relevant Servicing Agreement and, in the case of the Issuer, subject to the Pre-Enforcement Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments, as the case may be, and, in the case of the FCC, the conditions of the FCC Notes in respect of the relevant Compartment and, in the case of SAGRES, the conditions of the SAGRES Notes.

The Relevant Servicer will not be obliged to obtain such a valuation if a valuation has been obtained during the immediately preceding 3 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 unless requested by the Trustee or the Relevant Servicer Principal (as the case may be).

The Special Servicer must, not later than 30 days after the occurrence of a Special Servicing Event (except in the case of the Portuguese Loans), if a relevant Loan Event of Default is continuing, and the Master Servicer or Special Servicer (as the case may be) must, not later than 30 days after receipt of a written request from the Trustee or the Relevant Servicer Principal (as the case may be), obtain a valuation (an “Appraisal Valuation”) in respect of the relevant Property. The costs of obtaining an Appraisal Valuation will be paid by the Master Servicer or the Special Servicer, as applicable, subject to being reimbursed in accordance with the terms of the relevant Servicing Agreement and subject to the Pre-Enforcement Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments, as the case may be, and, in the case of the FCC, the conditions of the FCC Notes in respect of the relevant Compartment.

Provided that a written valuation request has been made by the Trustee or the Relevant Servicer Principal (as the case may be), the Relevant Servicer will not be obliged to obtain the relevant Appraisal Valuation if an Appraisal 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 Appraisal Valuation.

Arrears and Enforcement

The Master Servicer will, as permitted by and in accordance with the relevant Credit Agreements (as agent for the Relevant Servicer Principal), collect all payments due under or in connection with the Loans.

The Master Servicer will be responsible for the supervision and monitoring of payments falling due in respect of the Loans. On the occurrence of a Loan Event of Default, the Master Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer (each as agent for the Issuer, the FCC or SAGRES and for the Trustee, as applicable) will implement enforcement procedures which meet the requirements of the Servicing Agreements. These procedures may involve the deferral of formal enforcement procedures and may involve the restructuring of a Loan by the amendment or waiver of certain of the provisions. Any such restructuring will have to comply with the specific provisions of the relevant Servicing Agreement.

Insurance

At the time of advance of a Loan, the Security Agent became a named insured or had its interest noted on the buildings insurance policy taken out by the relevant Borrower other than in respect of certain leasehold Property which is covered by a landlord's buildings insurance policy. The amount of cover is linked to the reinstatement value of the Property recommended by the valuer appointed at the time of origination of the Loan.

In respect of any event occurring in respect of any Property which is an insurance event under the terms of the buildings insurance policy and any other insurance contract taken out by the relevant Borrower pursuant to the terms and conditions of a Loan, the Relevant Servicer shall promptly do such things as are necessary to protect the interests of the Relevant Servicer Principal, as applicable, or as would be considered to be desirable by the Relevant Servicer acting in accordance with the Servicing Standard in relation to such insurance.

The Relevant Servicer shall monitor the arrangements for insurance which relate to the Loans and the Related Security and the payment of premiums due in respect thereof. As soon as it becomes aware of the failure by any Borrower to maintain or have in effect such insurances as is required under the terms of the relevant Loan Documentation, the Relevant Servicer shall:

- (i) take out such an insurance policy on behalf of the Borrower and pay the premium for such insurance policy to the relevant insurer; and
- (ii) promptly charge to, and seek to collect from, the Borrower the amount of the relevant insurance premium paid by the Relevant Servicer in accordance with paragraph (a) on behalf of the Borrower.

Delegation by the Master Servicer and the Special Servicer

Each of the Master Servicer or the Special Servicer, as applicable, may sub-contract or delegate its obligations (including in respect of Loans which are in arrears) under the Servicing Agreements (subject to certain limited exceptions), although the Master Servicer or the Special Servicer, as the case may be, will nevertheless remain liable for all these obligations. Each of the Master Servicer and the Special Servicer may also sub-contract valuations of Properties to third party valuers.

With effect from the Issue Date, the Master Servicer will delegate the performance of many of its day-to-day servicing activities in respect of the Loan Pool to Capmark Services Ireland Limited (formerly known as GMAC Commercial Mortgage Servicing (Ireland) Limited) although the Master Servicer will remain responsible for the performance of such delegated activities.

With effect from the Issue Date, the Master Servicer will delegate the performance of its day to day servicing activities in respect of the Sunrise Loan to Deutsche Bank AG, London Branch although the Master Servicer will remain responsible for the performance of such delegated activities. For further details, please see “– *Sunrise Servicing and Intercreditor*” below.

Expenses

Each of the Master Servicer and the Special Servicer will be entitled on any day to request the use of funds (subject to certain restrictions) standing to the credit of: (in the case of the Direct Loan Servicing Agreement) the Issuer Revenue Account; (in the case of the Selaht Loan Servicing Agreement) the Selaht Compartment Collection Accounts; (in the case of Elancourt Loan Servicing Agreement) the Elancourt Compartment Collection Accounts; and (in the case of the SAGRES

Servicing Agreement) the SAGRES Account, to enable it to make payment of certain expenses incurred in connection with the servicing of the relevant Loans in the Loan Pool. In respect of the Direct Loan Servicing Agreement, the Cash Manager on behalf of the Issuer will be required (using funds standing to the credit of the Issuer Revenue Account) to put the Master Servicer and/or the Special Servicer in funds on any Business Day to enable the Master Servicer and/or the Special Servicer, as the case may be, to make payment of certain expenses incurred in connection with the servicing of the Direct Loans. The Issuer and the Master Servicer and/or the Special Servicer may agree, from time to time, that any such expenses are to be funded out of the Expenses Account, in which case the Expenses Account will be credited with amounts from the Issuer Revenue Account, as necessary. In respect of the FCC Servicing Agreements, the FCC Management Company will be required (using funds standing to the credit of the Elancourt Compartment Collection Accounts or the Selaht Compartment Collection Accounts as applicable) to put the Master Servicer and/or the Special Servicer in funds on any Business Day to enable the Master Servicer and/or the Special Servicer, as the case may be, to make payment of certain expenses incurred in connection with the French Loans. In respect of the SAGRES Servicing Agreement, SAGRES will be required (using funds standing to the credit of the SAGRES Account to put the Master Servicer and/or the Special Servicer in funds on any Business Day to enable the Master Servicer and/or the Special Servicer, as the case may be, to make payment of certain expenses incurred in connection with the servicing of the Portuguese Loans.

Protection Advances

If a payment to a third party by a Borrower is due but unpaid, the Master Servicer or the Special Servicer, as applicable, may (in their discretion) incur such expenses (a "Protection Advance"). Such amounts will be repayable as costs and expenses of the Master Servicer or the Special Servicer, as applicable.

In respect of the Sunrise Loan if, in the discretion of the Master Servicer or the Special Servicer, as applicable, the making of a Sunrise Protection Payment would be necessary or desirable, the Master Servicer or the Special Servicer, as applicable, may incur such expense. Such amounts attributable to the Issuer's portion of the Sunrise Whole Loans will be repayable by the Issuer in accordance with the Priority of Payments.

Servicing Fees and Other Payments to the Master Servicer and the Special Servicer

The Relevant Servicer Principal will pay or procure payment to the Master Servicer in relation to the relevant Servicing Agreement a servicing fee (the "Servicing Fee") of 0.07 per cent. (exclusive of value added tax) per annum of the weighted average aggregate outstanding principal balance of the relevant Loans (other than the relevant Specially Serviced Loans) during each Calculation Period, which fee will be payable quarterly in arrear on each Interest Payment Date. A higher fee at a rate agreed by the Trustee (but which does not exceed the rate then commonly charged by providers of mortgage servicing and administration services) may be payable to any substitute servicer appointed following termination of the Master Servicer's appointment.

The Master Servicer or the Special Servicer, as the case may be, will be entitled to receive for its own account any commissions due to it from insurers out of premiums paid by the Borrowers as a result of the Relevant Servicer having placed buildings insurance in relation to the Loans with such insurers.

The Relevant Servicer Principal will also be required to reimburse the Master Servicer, on each Interest Payment Date, for any out-of-pocket costs and expenses incurred by the Master Servicer in performance of its duties under the relevant Servicing Agreement in respect of Loans it owns (the "Servicing Expenses").

Pursuant to the Servicing Agreements, if the Special Servicer is appointed in respect of any Loan, the Issuer will be required to pay or procure payment to the Special Servicer a fee (the "Special Servicing Fee") up to 0.25 per cent. per annum plus value added tax, if applicable, of the then principal balance outstanding of that Specially Serviced Loan, subject to the relevant Priority of Payments (see further "*Cashflows*") 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 will pass 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):

- (i) with respect to the circumstances described in item (ii) in the definition of Special Servicing Event, the relevant Borrower has made one timely quarterly payment in full;
- (ii) with respect to the circumstances described in item (iii) in the definition of Special Servicing Event, such proceedings are terminated;
- (iii) with respect to the circumstances described in item (iv) in the definition of Special Servicing Event, such circumstances cease to exist in the good faith and reasonable judgement of the Special Servicer;
- (iv) with respect to the circumstances described in item (v) in the definition of Special Servicing Event, the relevant Borrower ceases to claim an inability to pay its debts or suspend the payment of obligations or the termination of any assignment for the benefit of its creditors; or
- (v) with respect to the circumstances described in item (vi) in the definition of Special Servicing Event, such default is cured.

The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each Interest Payment Date commencing with the Interest Payment Date following the date on which such period begins and ending on the 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 an amount of up to a maximum of 1.00 per cent. (exclusive of value added tax) of the proceeds (net of all costs and expenses incurred as a result of the default of the Loan, enforcement and sale), if any, arising on the sale of 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 an amount up to a maximum of 1.00 per cent. (exclusive of value added tax) of each collection of principal and interest received on the relevant 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 Loan to below the amount of principal outstanding under the relevant 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 Loan will cease to be payable if the relevant Loan is no longer deemed to be corrected, but will again become payable if and when the relevant Loan is again deemed to be corrected to the Special Servicer appointed in respect of that 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*").

Redemption

Under the Servicing Agreements, the Master Servicer and the Special Servicer will be responsible for handling the procedures connected with the redemption of the Loans.

In order to enable the Master Servicer and the Special Servicer in respect of the Direct Loans and the Portuguese Loans to do this, the Issuer and SAGRES respectively will be required to execute a power of attorney in favour of each of the Master Servicer and the Special Servicer in respect of the Direct Loans and the Portuguese Loans.

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 Relevant Servicer Principal may be terminated by the Relevant Servicer Principal (with, in the case of the Direct Loan Servicing Agreement, the consent of the Trustee and, in respect of the

SAGRES Servicing Agreement, the consent of the CMVM) 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:

- (i) 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 (a) such payment is not made within five Business Days of such time or (b) 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 10 Business Days after the Master Servicer or the Special Servicer, as applicable, becomes aware of the error;
- (ii) 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 relevant 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 Relevant Servicer Principal or the Trustee (in the case of the Direct Loan Servicing Agreement);
- (iii) at any time the Master Servicer or the Special Servicer, as applicable, fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue servicing any Loan; or
- (iv) the occurrence of an insolvency event in relation to the Master Servicer or the Special Servicer.

In addition, in relation to the Direct Loan Servicing Agreement and the Elancourt Loan Servicing Agreement, if the Issuer or the FCC Management Company, as the case may be, is so instructed by the relevant Controlling Creditor, the Issuer or the FCC Management Company, as the case may be, 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 or the FCC Management Company, as the case may be, in replacement of the existing special servicer). There may be different special servicers appointed in respect of the Loans. However, at any one time, there will only be one Special Servicer and one Controlling Creditor in respect of each Loan.

“Controlling Creditor” means:

- (i) with respect to any Direct Loan that is not a Tranched Direct Loan;
 - (a) the holders of the most junior class of Rated Notes (other than the Class X Notes) then outstanding having a Principal Amount Outstanding greater than 25 per cent. of such junior class of Rated Notes’ original aggregate Principal Amount Outstanding on the Issue Date; or
 - (b) if no class of Rated Notes then outstanding has a Principal Amount Outstanding greater than 25 per cent. of such class of Rated Notes’ original aggregate Principal Amount Outstanding on the Issue Date, the holders of the then most junior class of Rated Notes (other than the Class X Notes),
(the “Controlling Class Representative”);
- (ii) with respect to any Tranched Direct Loan for which a Subordinated Lender Control Valuation Event (as defined below) has not occurred, the Subordinated Lender(s) in respect of such Tranched Direct Loan;
- (iii) with respect to any Tranched Direct Loan for which a Subordinated Lender Control Valuation Event is continuing, the Controlling Class Representative; and
- (iv) with respect to the Elancourt Loan, if a Subordinated Lender Control Valuation Event is not continuing, the holder (or representative of the holders) of the FCC Class B1 Notes; and, if a Subordinated Lender Control Valuation Event is continuing, the Issuer.

The Trustee will determine the Controlling Creditor with respect to each Direct Loan (in reliance on information regarding the Direct Loans provided to the Trustee by the Issuer and/or the Master Servicer and/or the Special Servicer (each on the Issuer’s behalf) pursuant to the Direct Loan Servicing Agreements) and the FCC Management Company will determine the Controlling Creditor with respect to the Elancourt Loan, and will inform the Master Servicer and Special Servicer of the same. The Master Servicer and the Special Servicer will be entitled to rely on the Trustee’s or the FCC Management Company’s (as the case may be) determination and will have no liability to the

Issuer, the Noteholders, the FCC, SAGRES or the Subordinated Lenders for any action taken or for refraining from taking any action in good faith in reliance thereon.

A “Subordinated Lender Control Valuation Event” will occur with respect to a Tranched Direct Loan or the Elancourt Loan (as the case may be) if (a) (1) the then outstanding principal balance of the Subordinated Loan (or FCC Class B1 Notes in the case of the Elancourt Loan) related to the Direct Loan or the Elancourt Loan (as the case may be); minus (2) the applicable Valuation Reduction Amount with respect to the related Tranched Direct Loan or Elancourt Loan (as the case may be) is less than (b) 25 per cent. of the then outstanding principal balance of the related Subordinated Loan (or FCC Class B1 Notes in the case of the Elancourt Loan).

Upon the occurrence of a Valuation Event, a Valuation Reduction Amount will be calculated by the Special Servicer based upon a valuation or an update of a valuation (a “Subordinated Lender Control Valuation”) in respect of the related Property as described below. Upon the Special Servicer receiving notice or otherwise becoming aware of the Valuation Event, the Special Servicer must use reasonable endeavours to require a reputable independent valuer to prepare and deliver an updated valuation, within 30 days of such event, if and for so long as there exists a valuation of the Property which is more than twelve months old or the current valuation is based on materially different net cash flow assumptions in the reasonable opinion of the Special Servicer acting in accordance with the Servicing Standard. Notwithstanding that the value of a Property may have reduced since the last valuation, the Special Servicer will not be authorised to obtain a new valuation for the purposes of determining whether a Subordinated Lender Control Valuation Event has occurred except in the circumstances described above. The cost of such an updated valuation shall be paid by the Special Servicer and reimbursed by the Relevant Servicer Principal (only from the proceeds of the Loan related to the Property in respect of which the valuation is undertaken). The related Subordinated Lender may, at its discretion, instruct the Special Servicer to obtain another valuation, at the cost and expense of such Subordinated Lender, from another reputable independent valuer. If so instructed, the Special Servicer will use all reasonable endeavours to procure that such additional valuation is obtained within 30 days of the date of receipt of the instruction from the relevant Subordinated Lender. In the event that a subsequent valuation is so obtained, the Special Servicer shall be entitled to use either of the valuations obtained (provided that it must determine which valuation to use within 15 days of receipt of the second such valuation) to determine the Valuation Reduction Amount. On the first Loan Interest Payment Date occurring on or after the delivery of the later relevant updated valuation, the Special Servicer will adjust the Valuation Reduction Amount to take into account the relevant valuation and will promptly provide the Special Servicer and the related Subordinated Lenders with such calculations.

A “Valuation Event” means (i) the date on which an amendment or modification is entered into with respect to a Loan which adversely affects in the reasonable opinion of the Special Servicer any material economic term; (ii) the 40th day following the occurrence of any uncured failure to make a scheduled payment with respect to the related Loan; (iii) upon the occurrence of any payment default on a Direct Loan or the Elancourt Loan at its maturity date, or (iv) receipt of notice that the related Borrower has become subject to any insolvency proceedings or the date on which a receiver is appointed and continues in such capacity in respect of such Borrower or a Property or 60 days after such Borrower becomes the subject of involuntary insolvency proceedings and such proceedings are not dismissed.

A “Valuation Reduction Amount” with respect to a Tranched Direct Loan or the Elancourt Loan means the amount by which the outstanding principal balance of the Whole Loan in respect of the Tranched Direct Loan or the Elancourt Loan (as the case may be) exceeds x-y,

where:

- (a) $x = 90$ per cent. of the sum of the values set forth in the respective valuations for each related Property; and
- (b) $y =$ the sum of:
 - (I) all unpaid interest on the Whole Loan in respect of the Tranched Direct Loan or the Elancourt Loan (as the case may be);
 - (II) all unreimbursed Protection Advances that are related to the Whole Loan in respect of the Tranched Direct Loan or the Elancourt Loan (as the case may be);

- (III) any other unpaid fees, expenses and other amounts of any party that are payable prior to the Notes or the FCC Notes issued in respect of the Elancourt compartment (as the case may be) and are related to the Whole Loan in respect of the Tranché Direct Loan or Elancourt Loan (as the case may be); and
- (IV) all currently due and unpaid ground rents and insurance premia (net of any amounts held in transaction accounts for such purpose) and all other amounts due and unpaid with respect to the Whole Loan in respect of the Tranché Direct Loan or Elancourt Loan (as the case may be);

provided that y shall not include any amount referred to in (b) above if such amount has been paid to the required recipient by way of a cure payment by a Subordinated Lender.

With respect to a Tranché Direct Loan or the Elancourt Loan (as the case may be), the Master Servicer or Special Servicer, as applicable, will promptly notify the related Subordinated Lender if it becomes aware of the occurrence of a Subordinated Lender Control Valuation Event.

“Tranché Direct Loan” means each of the Bastuban Loan and the Sunrise Loan.

“Subordinated Lender” means:

- (i) in respect of the Elancourt Loan, the holder of the FCC Junior Notes;
- (ii) in respect of the Bastuban Loan, the purchaser of the Subordinated Loan; and
- (iii) in respect of the Sunrise Loan, the purchaser of the Subordinated Loan,

and “Subordinated Lenders” means all of them.

Prior to or contemporaneously with any termination of the appointment of the Master Servicer or the Special Servicer, as the case may be, it would first be necessary for the Relevant Servicer Principal to appoint a substitute master servicer or substitute special servicer, as the case may be, approved by the Trustee (in respect of appointment by the Issuer) and the CMVM (in respect of appointment by SAGRES).

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, as agent of the Relevant Servicer Principal may voluntarily resign by giving not less than three months’ notice of termination to the Relevant Servicer Principal (and the Trustee in respect of the Direct Loan Servicing Agreement and subject to CMVM consent (in respect of the SAGRES Servicing Agreement).

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 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 aspects as the relevant Servicing Agreement, taking into account also what is market standard for such agreements in similar transactions at the time. Any such substitute master servicer or substitute special servicer will be bound by the specified and limited discretions listed in the relevant Servicing Agreement. Under the terms of the relevant 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 Relevant Servicer Principal 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 Relevant Servicer Principal should not (without the prior written consent of the Trustee in the case of the Direct Loan Servicing Agreement) exceed the amount payable to the Master Servicer or Special Servicer, as applicable, pursuant to the relevant Servicing Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services.

Forthwith upon termination of the appointment of, or the resignation of, the 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 Loans and/or the Related 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 relevant Servicing Agreement.

Appointment of the Operating Adviser

In relation to the Direct Loan Servicing Agreement and the Elancourt Loan Servicing Agreement, the Controlling Creditor may elect to appoint a representative (an “Operating Adviser”) to represent its interests. The Special Servicer must, save as specified below, notify such Operating Adviser prior to doing any of the following in relation to a Specially Serviced Loan:

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

Before taking any action in connection with the matters referred to in paragraphs (i) to (iii) 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 in the Servicing Agreement, the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser’s response. If the Special Servicer does take such action and any Operating Adviser objects in writing to the actions so taken within 10 Business Days after being notified of the action and after being provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Creditor (but, again, without prejudice to the Special Servicer’s obligation to act in accordance with the other provisions of the Servicing Agreement (including the Servicing Standard)). The Special Servicer will not be obliged to take account of the advice of the Operating Adviser if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the 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 (including the Servicing Standard).

The Special Servicer will provide the Operating Adviser with any additional information as the Operating Adviser may reasonably require. If the Operating Adviser objects in writing to any action taken by the Special Servicer within 10 Business Days after being notified of the action and after it has been provided with all reasonably requested information by the Special Servicer, the Special Servicer will, subject to the Servicing Standard, 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 and must promptly send a revised proposed course of action to the Operating Adviser. If the proposal of the Operating Adviser requires the Special Servicer to incur additional expenses which it would not be required to incur in respect of any action proposed by the Special Servicer, the Special Servicer is not required to incur any additional expenses unless the Operating Adviser agrees to reimburse it. If there is, in the reasonable opinion of the Special Servicer, any conflict between any action which the Special Servicer would be required to take in order to comply with the advice and/or representations of the Operating Adviser and the Servicing Standard, the Servicing Standard shall prevail.

Only one Operating Adviser at any one time may be appointed by the Controlling Creditor in respect of each Loan. An Operating Adviser appointed by a party which is the Controlling Creditor will only be an Operating Adviser for so long as such party remains the Controlling Creditor.

Intercreditor and Servicing in respect of the Tranched Direct Loans

The Sunrise Loan and the Bastuban Loan will each comprise part of senior loans (the whole of each such Loan being the “Whole Direct Loan”) made to the relevant Borrowers. Third party lenders will hold interests in the remaining balance of the Whole Direct Loan not transferred to the Issuer. Certain third party lenders in respect of the Whole Direct Loans (each being a “Direct Loan Junior

Lender”) will have rights under the Direct Loan Servicing Agreement and intercreditor agreements entered into with each of them (each a “Direct Loan Intercreditor Agreement”) which will allow them to appoint an Operating Adviser (as described above) for so long as a Subordinated Lender Control Valuation Event is not continuing. As set out above, the Controlling Creditor will, in respect of the Tranche Direct Loans, have rights to instruct the Issuer to remove and replace the Special Servicer, subject to an appropriate replacement being appointed, and certain notification rights. If a Subordinated Lender Control Valuation Event has occurred, the rights otherwise vested in the Direct Loan Junior Lender will be vested in the Controlling Creditor as defined in Condition 3.3.

Provided no material event of default is continuing under the relevant Whole Direct Loan, the Direct Loan Junior Lender’s payment rights will rank *pari passu* with the Issuer. However, following such event, rights to receive interest and principal as between lenders will be paid first to the Issuer. Upon the occurrence of a payment default, the Direct Loan Junior Lender may make cure payments to the Issuer so as to avoid the Issuer or Trustee taking enforcement action or accelerating the relevant Whole Direct Loan. If such cure payments are not made, any amount otherwise available for distribution to the Direct Loan Junior Lender will be retained by the Direct Loan Master Servicer until the relevant default is remedied or the Borrower makes cure payments to remedy such default and will only be distributed to the Direct Loan Junior Lender on the immediately following Loan Interest Payment Date. Generally, the Direct Loan Junior Lender may only make cure payments no more than twice in any one period of 12 months and no more than four times during the term of the relevant Whole Direct Loan.

If the Whole Direct Loan is being specially serviced by the Special Servicer under the terms of the Direct Loan Servicing Agreement the Direct Loan Junior Lender may elect to acquire the Issuer’s interest in the relevant Direct Loan for the principal amount outstanding plus accrued interest and costs.

Sunrise Servicing and Intercreditor

The Whole Direct Loan applicable to the Sunrise Loan (the “Sunrise Whole Loan”) will include an interest that is retained by a Direct Loan Junior Lender, originally held by Deutsche Bank AG, London branch (the “DB Loan”) (and owner of the DB Loan the “DB Lender” and Issuer, together the “Sunrise Senior Lenders”) and the Sunrise Loan retained by the Issuer. The DB Loan and the Sunrise Loan will have substantially the same intercreditor rights as against the Direct Loan Junior Lender. The Sunrise Senior Lenders will have rights to make protection advances in the event that the Relevant Servicer acting in respect of the DB Loan or Sunrise Loan considers it appropriate to do so. Each of the Sunrise Senior Lenders will only fund such protection advance if it has funds available. If such protection advances are made by one Sunrise Senior Lender and not the other, subsequent rights to recover these proceeds from the underlying Borrowers will be a senior claim from proceeds received from Borrowers on subsequent Interest Payment Dates in accordance with the relevant Direct Loan Intercreditor Agreement and will be paid ahead of other amounts owing to the Direct Loan Junior Lender as the Sunrise Senior Lender who did not make an equal contribution.

The servicing arrangements agreed between the Sunrise Senior Lenders and certain subordinated lenders in connection with the Sunrise Whole Loan provide for a facility agent appointed under the servicing arrangements to co-ordinate the views of the Sunrise Senior Lenders (as represented by the servicers appointed thereby) and the subordinated lenders in respect of any proposed modifications, waivers, amendments and consents. Provided that the Sunrise Whole Loan is not being “specially serviced” (due to, amongst other things, payment default, enforcement proceedings or insolvency events in respect of the Sunrise Borrowers) the facility agent will seek instructions from the servicers appointed by the Sunrise Senior Lenders and the subordinated lenders based upon the provisions of the facility agreement in respect of the Sunrise Whole Loan which requires, variously, majority or unanimous agreement, depending on the nature of the modification, waiver, amendment or consent; in some cases neither majority or unanimous agreement is specified and in these cases the servicing arrangements provide for the facility agent to attempt to establish a consensus approach. In the event of deadlock or a failure to establish a consensus approach in relation to a proposed modification, waiver, amendment and/or consent, the facility agent will make the final decision based on the best interests (in its opinion) of each of the Sunrise Senior Lenders and the subordinated lenders and a servicing standard which is substantially the same as the Servicing Standard. If the Sunrise Whole Loan is being “specially serviced” then the decisions in relation to modifications, waivers, amendments and/or consents will be taken by the special servicer (initially Citibank International plc) in respect of the Sunrise Whole Loan in accordance with the Servicing Standard, subject to consultation with operating advisers which may be appointed by the controlling party, unless and

until the special servicer is replaced by or at the instruction of the controlling party. The controlling party will be the subordinated lenders provided that a control valuation event has not occurred. If a control valuation event has occurred the controlling party will be a representative of each of the holders of the most junior ranking class of the notes issued by the Issuer and, following any securitisation of the DB Loan, the issuer in relation to such securitisation; or, if no such securitisation occurs, the DB Lender. Control valuation event has a meaning, in respect of the Sunrise Whole Loan, substantially similar to Subordinated Lender Control Valuation Event as defined in this Prospectus.

In respect of enforcement action prior to the Sunrise Whole Loan being “specially serviced” the facility agent will seek instructions from the servicers appointed by the Sunrise Senior Lenders and, provided the control valuation event (as described above) has not occurred, the subordinated lenders; in the event that no majority or unanimous decision is made, or a consensus approach cannot be agreed (depending on what is required), the facility agent may make decisions and take action based on the best interests (in its opinion) of each of the Sunrise Senior Lenders and the subordinated lenders and a servicing standard which is equivalent to the Servicing Standard. If the Sunrise Whole loan is being specially serviced, then decisions as to enforcement action will be taken by the special servicer (initially Citibank International plc) in respect of the Sunrise Whole Loan in accordance with the Servicing Standard.

However, the facility agent and the servicers appointed by the Sunrise Senior Lenders and subordinated lenders in respect of the Sunrise Whole Loan must at all times act in accordance with a servicing standard and within the limits of the relevant servicing agreement (including by taking immediate action if such action is required by the Servicing Standard and refraining from following any instruction or provision of the relevant Servicing Agreement if this would contradict the relevant Servicing Standard).

Elancourt (France): FCC Intercreditor Issues

The FCC Notes issued by the Elancourt Compartment have been structured so that the third party noteholder will have similar economic rights as that referred to above, though applicable to the Elancourt Loan. Such a third party noteholder will, as holder of the FCC Class B1 Note, have rights to subscribe for further FCC Class B1 Notes in shortfall amounts due on the FCC Class A1 Notes in an amount equal to such shortfall and to acquire the Elancourt Loan in circumstances where there has been a material event of default on the Elancourt Loan in consideration for payment of principal and all other amounts due in respect of the FCC Class A1 Note including costs and expenses for winding up or otherwise terminating the FCC Compartment arrangements relating to the FCC Class A1 Notes and FCC Class B1 Notes.

CASH MANAGEMENT

Cash Manager

On or before the Issue Date, the Issuer will enter into the Cash Management Agreement, pursuant to which each of the Issuer and the Trustee will appoint Citibank, N.A., London Branch (in its capacity as the Cash Manager) to be its agent to provide certain cash management services (the “Cash Management Services”). The Cash Manager will undertake with the Issuer and the Trustee that, in performing the Cash Management Services, the Cash Manager will 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.

Calculation of Amounts and Payments

Under the Servicing Agreements, the Master Servicer is required to identify funds paid under the Credit Agreements and any Related Security, as principal, interest and other amounts on the relevant ledgers. The Master Servicer will advise the Cash Manager of these determinations and the Cash Manager will allocate funds accordingly. The Cash Manager is required to apply funds in the Issuer Accounts in accordance with the Deed of Charge and the Cash Management Agreement. See “*Cashflows*” above.

The Cash Manager will be authorised to invest any available funds standing to the credit of the Issuer Accounts in Eligible Investments in accordance with the provisions of the Cash Management Agreement. All amounts earned on such investments of amounts held in the relevant Issuer Account will be included in Revenue Funds.

On each Determination Date, the Cash Manager is required to determine, from information provided by the Master Servicer, the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding and the Pool Factor for each class of Notes for the Interest Period commencing on the next following Interest Payment Date and the amount of each principal payment (if any) due on each class of Notes on the next following Interest Payment Date, in each case pursuant to Conditions 7.2 and 7.3. The Cash Manager will make all payments required to carry out an optional redemption of Notes pursuant to Condition 7, in each case according to the provisions of the relevant Condition. See further “*Terms and Conditions of the Notes*” below.

The Cash Manager will apply funds to the credit of the Class X Principal Account in redeeming the Class X Notes in accordance with, and at the times specified by, Condition 7.2.

Further, the Cash Manager will make requests for Revenue Priority Amount Drawings under the Liquidity Facility on behalf of the Issuer in accordance with the terms of the Liquidity Facility Agreement and the Cash Manager will procure the transfer of such drawings to the Issuer Revenue Account. See further “*Transaction Documents – Liquidity Facility Agreement*” above.

The Cash Manager may also use funds standing to the credit of the Expenses Account to meet certain expenses due to third parties which fall due on a date other than an Interest Payment Date and cannot be met by the application of other funds available for the purpose.

If a Liquidity 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 5 Business Days of the Cash Manager being notified of the occurrence of the Liquidity Event request on behalf of the Issuer a Liquidity Stand-by Drawing in amount equal to the undrawn portion of the Liquidity Facility Commitment (as defined in the Liquidity Facility Agreement) 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 Issuer Account Bank.

“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 liquidity loan made by a person that was a bank for the purposes of section 349 of the Income and Corporation Taxes Act 1988 (as currently defined in section 840A of the Taxes Act) at the time the liquidity loan was made.

Cash Management Quarterly Investor Report and CMSA Investor Reporting Package

The Cash Manager will, in respect of each Determination Date, prepare certain standard Commercial Mortgage Securities Association (“CMSA”) reports that, together, make up the CMSA investor reporting package (the “CMSA Investor Reporting Package”) in respect of the Loans. Pursuant to the Cash Management Agreement the Cash Manager will, in respect of each Determination Date, use, amongst other things, the information provided in the Master Servicer Cash Reports and the Master Servicer Loan Pool Reports to produce CMSA Investor Reporting Package. The Cash Manager will deliver such CMSA Investor Reporting Package to the Issuer and the Trustee by the tenth Business Day after each Determination Date.

The reports contained in the CMSA Investor Reporting Package will be in the form prescribed in the standard CMSA investor reporting package (or as modified to take into account any changes for properties being located in France, Germany, Belgium, Sweden and Portugal, as the case may be) and will be available for inspection at the offices of the Cash Manager located at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. In addition, once a European standard for CMSA reporting has been adopted, the Master Servicer may report using the new format as soon as reasonably practicable.

The Cash Manager will use its reasonable efforts to provide to the Issuer, the Trustee, the Swap Counterparty and the Rating Agencies a completed report (the “Investor Report”) by the tenth Business Day after each Determination Date in respect of the preceding Loan Interest Period. Each Investor Report will include (i) the information contained in the relevant Loan Pool Report and (ii) details of payments made by the Issuer in respect of the Calculation Period and Interest Period then ended.

The Cash Manager will publish each Investor Report on its website (<http://sf.citidirect.com>).

Delegation by the Cash Manager

The Cash Manager may, in certain circumstances, without the consent of the Issuer or the Trustee, sub-contract or delegate its obligations under the Cash Management Agreement but will not thereby be released or discharged from any liability under the Cash Management Agreement and will remain responsible for the performance of its obligations under the Cash Management Agreement by any sub-contractor or delegate.

Cash Management Fee

The Issuer will pay to the Cash Manager on each Interest Payment Date a cash management fee as agreed in writing 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 to each of the Cash Manager and the Rating Agencies or immediately upon the occurrence of a termination event, including, among other things:

- (i) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer which continues unremedied for 10 Business Days;
- (ii) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for 30 Business Days;
- (iii) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator or similar official; or
- (iv) both (a) an Acceleration Notice is given by the Trustee pursuant to Condition 10 and (b) the Trustee determines that termination of the Cash Manager’s appointment under the Cash Management Agreement is prudent to protect the interests of the Noteholders.

On the termination 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 3 months' written notice of resignation to each of the other parties to the Cash Management Agreement and to the Rating Agencies provided that a suitably qualified successor Cash Manager shall have been appointed.

CREDIT STRUCTURE

The Notes will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Swap Counterparty, the Managers, the Paying Agents, the Registrar, the Agent Bank, the Liquidity Facility Provider, the Master Servicer, the Special Servicer, the Cash Manager, the Issuer Account Bank, the Sellers, the Corporate Services Provider or any other company in the same group of companies as, or affiliated to, any of such entities (other than the Issuer). No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by any of the Managers, the Paying Agents, the Registrar, the Agent Bank, the Liquidity Facility Provider, the Master Servicer, the Special Servicer, the Cash Manager, the Issuer Account Bank, the Sellers, the Trustee, the Swap Counterparty, the Corporate Services Provider or by any other company in the same group of companies as, or affiliated to, any of such entities (other than the Issuer).

The ability of the Issuer to meet its obligations to pay the principal of, and interest on, the Notes and its operating and administration expenses will be dependent on the receipt by it of funds under, *inter alia*, the Loans, the FCC Senior Notes, the FCC Residual Notes, the SAGRES Notes, the Issuer Bank Agreement, the Eligible Investments and the Swap Agreement. The structure of the credit arrangements may be summarised as follows:

Credit Support for the Rated Notes Provided by Revenue Funds

It is anticipated that, on and after the Issue Date, (i) the interest payable by relevant Borrowers on the Direct Loans, (ii) the interest payable by the FCC on the FCC Senior Notes and the FCC Residual Notes and (iii) the interest payable by SAGRES on the SAGRES Notes will, assuming that all of the Loans are fully performing with no prepayments, be sufficient to pay the amounts payable under paragraphs (i) to (xviii) of the Pre-Enforcement Revenue Priority of Payments. Although the actual amount of such interest payable by relevant Borrowers, the FCC and SAGRES (and the interest payable on the Rated Notes) will vary during the life of the Rated Notes, the Issuer will enter into the Swap Agreement for the purpose of, *inter alia*, hedging certain of such risks (as to which, see the section “*Transaction Documents – The Swap Agreement*” above).

To the extent there is any debit balance on any Principal Deficiency Ledger, Revenue Funds will be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any such debit balance, provided that all interest due and owing on a class of Notes (other than the Class R Notes and the Class X Notes) is satisfied in full before reducing any debit balance on the Principal Deficiency Ledger relating to that class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments (see the section “– *Principal Deficiency Ledgers*” below).

Use of Expenses Account and Available Redemption Funds to Pay Senior Expenses Shortfall

On each Determination Date, the Cash Manager will determine whether Revenue Funds are sufficient to pay or provide for payment of paragraphs (i) to (vi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on the immediately following Interest Payment Date. To the extent that Revenue Funds are insufficient for this purpose (the amount of any deficit being the Senior Expenses Shortfall), the Issuer will utilise amounts standing to the credit of the Expenses Account and then the Available Redemption Funds as Revenue Funds in accordance with the Pre-Enforcement Principal Priority of Payments.

Principal Deficiency Ledgers

The Principal Deficiency Ledgers will be comprised of the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and the Class F Principal Deficiency Ledger which will be established on the Issue Date in order to record any use of Available Redemption Funds to meet Senior Expenses Shortfall, Loss, Writebacks or use of Revenue Funds to reduce any debit balance (see the section “*Transaction Summary – Principal Features of the Notes – Principal Deficiency Ledgers*” above).

Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class R Notes

The holders of the Class B Notes will not be entitled to receive any payment of interest due or overdue in respect of the Class B Notes unless and until (i) all amounts of interest then due or

overdue to the holders of the Class A Notes and the Class X Notes, (ii) any debit balance on the Class A Principal Deficiency Ledger, and (iii) certain other expenses of the Issuer payable in priority to the Class B Notes have been paid or otherwise satisfied in full. Upon enforcement of the Issuer Security all payments in respect of the Class B Notes are subordinated to payments in respect of the Class A Notes and the Class X Notes.

The holders of the Class C Notes will not be entitled to receive any payment of interest due or overdue in respect of the Class C Notes unless and until (i) all amounts of interest then due or overdue to the holders of the Class A Notes, the Class X Notes and the Class B Notes, (ii) any debit balance on the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger, and (iii) certain other expenses of the Issuer payable in priority to the Class C Notes have been paid or otherwise satisfied in full. Upon enforcement of the Issuer Security all payments in respect of the Class C Notes are subordinated to payments in respect of the Class A Notes, the Class X Notes and the Class B Notes.

The holders of the Class D Notes will not be entitled to receive any payment of interest due or overdue in respect of the Class D Notes unless and until (i) all amounts of interest then due or overdue to the holders of the Class A Notes, the Class X Notes, the Class B Notes and the Class C Notes, (ii) any debit balance on the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger and the Class D Principal Deficiency Ledger, and (iii) certain other expenses of the Issuer payable in priority to the Class D Notes have been paid or otherwise satisfied in full. Upon enforcement of the Issuer Security all payments in respect of the Class D Notes are subordinated to payments in respect of the Class A Notes, the Class X Notes, the Class B Notes and the Class C Notes, other than with respect to any Excess Class D Interest Amount. Any Excess Class D Interest Amount will not be due and will only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments on any subsequent Interest Payment Date and will not bear interest. Non-payment of the Excess Class D Interest Amount at any time does not constitute an Event of Default even if the Class D Notes are the Most Senior Class of Notes outstanding.

The holders of the Class E Notes will not be entitled to receive any payment of interest due or overdue in respect of the Class E Notes unless and until (i) all amounts of interest then due or overdue to the holders of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes and the Class D Notes, (ii) any debit balance on the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger and the Class D Principal Deficiency Ledger, respectively, and (iii) certain other expenses of the Issuer payable in priority to the Class E Notes have been paid or otherwise satisfied in full, and upon enforcement of the Issuer Security all payments in respect of the Class E Notes are subordinated to payments in respect of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes and the Class D Notes, other than with respect to any Excess Class E Interest Amount. Any Excess Class E Interest Amount will not be due and will only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments on any following Interest Payment Date and will not bear interest. Non-payment of the Excess Class E Interest Amount at any time does not constitute an Event of Default even if the Class E Notes are the Most Senior Class of Notes outstanding.

The holders of the Class F Notes will not be entitled to receive any payment of interest due or overdue in respect of the Class F Notes unless and until (i) all amounts of interest then due or overdue to the holders of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, (ii) any debit balance on the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger, respectively, and (iii) certain other expenses of the Issuer payable in priority to the Class F Notes have been paid or otherwise satisfied in full, and upon enforcement of the Issuer Security all payments in respect of the Class F Notes are subordinated to payments in respect of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, other than with respect to any Excess Class F Interest Amount. Any Excess Class F Interest Amount will not be due and will only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments on any following Interest Payment Date and will not bear interest. Non-payment of the Excess Class F Interest Amount at any time does not constitute an Event of Default even if the Class F Notes are the Most Senior Class of Notes outstanding.

The holders of the Class R Notes will not be entitled to receive any payment of interest due or overdue in respect of the Class R Notes unless and until (i) all amounts of interest then due or overdue to the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, (ii) any debit balance on the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and the Class E Principal Deficiency Ledger, respectively, and (iii) certain other expenses of the Issuer payable in priority to the Class R Notes have been paid or otherwise satisfied in full. Upon enforcement of the Issuer Security all payments in respect of the Class R Notes are subordinated to payments in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes (other than the Class X Notes) of approximately €654,000,000 will be applied by the Issuer on the Issue Date as follows:

- (i) in an amount of approximately €492,544,077, to purchase the Direct Loan Pool, the Direct Loan Pool Security, the rights of the Sellers as lender under the finance documents in respect of each Direct Loan and the rights and obligations under the existing fixed/floating swap transactions from the Sellers;
- (ii) in an amount of approximately €133,550,000, to purchase the FCC Senior Notes and the FCC Residual Notes from the FCC;
- (iii) in an amount of approximately €22,500,000 to purchase the SAGRES Notes from SAGRES; and
- (iv) in an amount of approximately €5,500,000, to make a deposit into the Expenses Account.

The expenses of the issue of the Notes will be met by the Issuer and will be paid by the Issuer out of the Expenses Account.

The gross proceeds of the issue of the Class X Notes being €50,000 will be deposited into the Class X Principal Account.

ESTIMATED AVERAGE LIFE OF THE RATED NOTES AND ASSUMPTIONS

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

Calculations of the possible average life of each class of the Rated Notes can be made based on certain assumptions. Such assumptions include, without limitation, the following assumptions:

- (i) the Issue Date is 31 July 2006;
- (ii) Interest Payment Dates are the 30th of January, April, July and October, with the first Interest Payment Date being in October 2006;
- (iii) no Loans are sold by the Issuer, the FCC or SAGRES;
- (iv) the Loans do not default, are not prepaid (in whole or in part) except for the portion determined by the assumed Constant Prepayment Date (“CPR”), nor are they enforced and no loss arises;
- (v) the Issuer exercises its option to redeem the Notes in accordance with Condition 7.4 as soon as it is exercisable;
- (vi) the Swap Transactions are not terminated;
- (vii) the Loans prepay at the rate of zero per cent. annual CPR as set out in the table below;
- (viii) all principal payments on the Loans are, directly or indirectly, allocated sequentially or on a *pro rata* basis to the Rated Notes; and
- (ix) the average lives of the Rated Notes are calculated on an actual/360 basis.

The average lives of the Rated Notes will be subject to factors outside the control of the Issuer and consequently no assurance can be given that these estimates will in fact be realised and must therefore be viewed with considerable caution.

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 the 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.

As the accrual of interest on the Class X Notes is based upon the Principal Amount Outstanding of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and the Class F Notes, the yield to maturity on the Class X Notes will be extremely sensitive to the rate and timing of prepayments of principal (including both voluntary and involuntary prepayments, delinquencies, defaults and liquidations) on the Loans and any repurchase with respect to breaches of representations and warranties with respect to the Loans to the extent such payments of principal are allocated to each such class in reduction of the Principal Amount outstanding thereof.

The following table shows the percentage of Principal Amount Outstanding (ignoring any adjustments for Principal Deficiencies) and subordination of the Notes assuming a zero per cent. (0%) annual CPR.

Principal Amount Outstanding (end of period) (%)							Percentage of Notes Subordination (end of period)						
Payment Date	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Payment Date	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
Closing	100.0	100.0	100.0	100.0	100.0	100.0	Closing	25.2	16.7	10.8	4.5	1.2	0.0
Oct-06	99.8	100.0	100.0	100.0	100.0	100.0	Oct-06	25.2	16.7	10.9	4.5	1.2	0.0
Jan-07	99.5	100.0	100.0	100.0	100.0	100.0	Jan-07	25.3	16.7	10.9	4.5	1.2	0.0
Apr-07	99.3	100.0	100.0	100.0	100.0	100.0	Apr-07	25.3	16.8	10.9	4.5	1.2	0.0
Jul-07	98.9	100.0	100.0	100.0	100.0	100.0	Jul-07	25.4	16.8	10.9	4.5	1.2	0.0
Oct-07	98.5	100.0	100.0	100.0	100.0	100.0	Oct-07	25.4	16.9	11.0	4.6	1.2	0.0
Jan-08	98.0	100.0	100.0	100.0	100.0	100.0	Jan-08	25.5	16.9	11.0	4.6	1.3	0.0
Apr-08	97.6	100.0	100.0	100.0	100.0	100.0	Apr-08	25.6	17.0	11.0	4.6	1.3	0.0
Jul-08	97.2	100.0	100.0	100.0	100.0	100.0	Jul-08	25.7	17.0	11.1	4.6	1.3	0.0
Oct-08	96.8	100.0	100.0	100.0	100.0	100.0	Oct-08	25.8	17.1	11.1	4.6	1.3	0.0
Jan-09	96.3	100.0	100.0	100.0	100.0	100.0	Jan-09	25.9	17.1	11.1	4.6	1.3	0.0
Apr-09	95.9	100.0	100.0	100.0	100.0	100.0	Apr-09	26.0	17.2	11.2	4.6	1.3	0.0
Jul-09	95.5	100.0	100.0	100.0	100.0	100.0	Jul-09	26.0	17.2	11.2	4.7	1.3	0.0
Oct-09	95.1	100.0	100.0	100.0	100.0	100.0	Oct-09	26.1	17.3	11.2	4.7	1.3	0.0
Jan-10	94.8	100.0	100.0	100.0	100.0	100.0	Jan-10	26.2	17.3	11.3	4.7	1.3	0.0
Apr-10	94.4	100.0	100.0	100.0	100.0	100.0	Apr-10	26.3	17.4	11.3	4.7	1.3	0.0
Jul-10	89.1	94.7	94.7	94.7	94.7	100.0	Jul-10	26.4	17.5	11.4	4.8	1.4	0.0
Oct-10	72.2	87.0	87.0	87.0	87.0	100.0	Oct-10	29.0	19.3	12.6	5.4	1.6	0.0
Jan-11	0.0	46.1	47.1	47.1	47.1	0.0	Jan-11	100.0	65.0	40.4	13.8	0.0	0.0
Apr-11	0.0	0.0	0.0	0.0	0.0	0.0	Apr-11	0.0	0.0	0.0	0.0	0.0	0.0
Average Lives	4.3	4.6	4.6	4.6	4.6	4.5							

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes (the “Conditions” and any reference to a Condition shall be construed accordingly) which will (subject to modification) be endorsed or attached on each Note in bearer or registered form and (subject to the provisions thereof) will apply to each such Note.

EuroProp (EMC) S.A. (the “Issuer”) is a limited liability company (*société anonyme*) incorporated under the Luxembourg law of 22 March 2004 on securitisation (the “Securitisation Law”) as an entity which may be divided into separate compartments (“Compartments”). As between creditors of the Issuer each Compartment of the Issuer shall be treated as a separate entity. Rights of creditors of the Issuer that (i) have, when coming into existence, been designated as relating to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are, except if otherwise provided for in the articles of incorporation of the Issuer, strictly limited to the assets of that Compartment and shall be exclusively available to satisfy such creditors. Creditors of the Issuer whose rights are not related to a specific Compartment of the Issuer shall have no rights to the assets of any Compartment. Unless otherwise provided for in the resolution of the board of directors of the Issuer creating such Compartment, no resolution of the board of directors of the Issuer may be taken to amend the resolution creating such Compartment or to take any other decision directly affecting the rights of the creditors whose rights relate to such Compartment without the prior approval of the creditors whose rights relate to such Compartment. Any decision of the board of directors of the Issuer taken in breach of this provision shall be void. Each Compartment of the Issuer may be separately liquidated without such liquidation resulting in the liquidation of any other Compartment of the Issuer or of the Issuer itself. The rights of the Noteholders and the other Secured Creditors (each as defined herein) have been designated by the Issuer as relating only to Compartment 1 of the Issuer and all references herein to the Issuer shall be construed as references to the Issuer acting in respect of its Compartment 1.

The €485,500,000 Class A Mortgage Backed Floating Rate Notes due 2013 (the “Class A Notes”), the €50,000 Class X Mortgage Backed Variable Rate Notes due 2013 (the “Class X Notes”), the €55,000,000 Class B Mortgage Backed Floating Rate Notes due 2013 (the “Class B Notes”), the €37,800,000 Class C Mortgage Backed Floating Rate Notes due 2013 (the “Class C Notes”), the €41,000,000 Class D Mortgage Backed Floating Rate Notes due 2013 (the “Class D Notes”), the €21,200,000 Class E Mortgage Backed Floating Rate Notes due 2013 (the “Class E Notes”), the €8,000,000 Class F Mortgage Backed Floating Rate Notes due 2013 (the “Class F Notes” and, together with the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the “Rated Notes”) and the €5,500,000 Class R Floating Rate Notes due 2013 (the “Class R Notes” and, together with the Rated Notes, the “Notes”) in each case of the Issuer) are constituted by a trust deed (the “Trust Deed”) dated 31 July 2006 (the “Issue Date”) and made between the Issuer and Capita Trust Company Limited (in such capacity, the “Trustee”) as trustee for the Noteholders (as defined below). Any reference in these terms and conditions (“Conditions”) to a class of Notes or of Noteholders shall be a reference to the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class R Notes, as the case may be, or to the respective holders thereof.

The security for the Notes is constituted by a deed of charge and assignment (the “Deed of Charge”) dated the Issue Date and made between, *inter alia*, the Issuer and the Trustee.

Pursuant to an agency agreement (the “Agency Agreement”) dated the Issue Date, as amended or supplemented from time to time, and made between the Issuer, Citibank International plc as Irish paying agent (the “Irish Paying Agent”), Citibank, N.A., London Branch as principal paying agent (the “Principal Paying Agent” and, together with such additional or other paying agents, if any, appointed from time to time pursuant to the Agency Agreement, the “Paying Agents”), Citibank, N.A., London Branch as agent bank (the “Agent Bank”) and the Trustee, provision is made for the payment of principal and interest in respect of each class of Rated Notes. In respect of the Class R Notes, Luxembourg International Consulting S.A. has been appointed as the registrar (the “Registrar”) pursuant to the Registrar Agreement.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the master definitions schedule (the “Master Definitions Schedule”) signed by the parties to the Transaction Documents for the purpose of identification on or about the Issue Date.

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Schedule available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Schedule.

1 Form, Denomination and Title

1.1 Temporary Global Notes

Each class of the Rated Notes, subject to *pro rata* redemption of Notes of the same class, is initially represented by a temporary global note (each a “Temporary Global Note”) in bearer form in the aggregate principal amount on issue of €485,500,000 for the Class A Notes, €50,000 for the Class X Notes, €55,000,000 for the Class B Notes, €37,800,000 for the Class C Notes, €41,000,000 for the Class D Notes, €21,200,000 for the Class E Notes and €8,000,000 for the Class F Notes. Each Temporary Global Note has been deposited on behalf of the subscribers of the relevant class of Rated Notes with a common depositary (the “Common Depositary”) for Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”) and Euroclear Bank S.A./N.V. (“Euroclear”) on the Issue Date. Upon deposit of the Temporary Global Notes, Clearstream, Luxembourg and Euroclear credited each subscriber of Rated Notes with the principal amount of Rated Notes of the relevant class equal to the aggregate principal amount thereof for which it had subscribed and paid.

1.2 Permanent Global Notes

Interests in each Temporary Global Note are exchangeable on and after the date which is 40 days after the Issue Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (each a “Permanent Global Note”) representing the same class of Notes (the expressions Global Notes and Global Note meaning, respectively, (i) all the Temporary Global Notes and the Permanent Global Notes or the Temporary Global Note and the Permanent Global Note of a particular class, or (ii) any of the Temporary Global Notes or Permanent Global Notes, as the context may require). The Permanent Global Notes have also been deposited with the Common Depositary for Clearstream, Luxembourg and Euroclear.

1.3 Registered Notes

The Class R Notes will be in registered form. Certificates for the Class R Notes will be issued in definitive registered form and delivered to the subscribers thereof on the Issue Date upon certification as to non-U.S. beneficial ownership.

1.4 Definitive Notes

If, while any of the Rated Notes are represented by a Permanent Global Note (i) either Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Trustee is then in existence or (ii) as a result of any amendment to, or change in, the laws or regulations of Luxembourg (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Issue Date, the Issuer or any Paying Agent is or will on the next Interest Payment Date (as defined below) be required to make any deduction or withholding from any payment in respect of such Rated Notes which would not be required were such Rated Notes in definitive form, then the Issuer will issue Rated Notes of the relevant class in definitive form (“Definitive Notes”) in exchange for such Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Conditions and the Transaction Documents will be amended in such manner as the Trustee requires to take account of the issue of Definitive Notes.

1.5 Form and title

(i) Global Notes

Each Global Note shall be issued in bearer form without coupons or talons attached. Title to the Global Notes will pass by delivery. Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as the case may be.

“Noteholders” means each person (other than Clearstream, Luxembourg or Euroclear themselves) who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a particular Principal Amount Outstanding (as defined in Condition 7.3) of the Notes of any class (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, the Trustee and all other persons, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose Noteholders means the bearer of the relevant Global Note; and related expressions shall be construed accordingly.

(ii) Definitive Notes

Definitive Notes will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.

(iii) Registered Notes

Each Class R Note shall be issued in a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof without coupons or talons attached. Title to the Class R Notes will pass by transfer and registration as described in Condition 4.2. The person in whose name any Class R Note is registered will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss) and no person will be liable for so treating such person.

1.6 Noteholders

- (i) “Class A Noteholders” means Noteholders in respect of the Class A Notes;
- (ii) “Class B Noteholders” means Noteholders in respect of the Class B Notes;
- (iii) “Class C Noteholders” means Noteholders in respect of the Class C Notes;
- (iv) “Class D Noteholders” means Noteholders in respect of the Class D Notes;
- (v) “Class E Noteholders” means Noteholders in respect of the Class E Notes;
- (vi) “Class F Noteholders” means Noteholders in respect of the Class F Notes;
- (vii) “Class X Noteholder” means the Noteholder in respect of the Class X Notes; and
- (viii) “Class R Noteholders” means Noteholders in respect of the Class R Notes.

1.7 Trading in differing nominal amounts

- (i) For so long as the Rated Notes of any class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Rated Notes of that class will be tradeable in minimum nominal amounts of €200,000 (or €50,000 in the case of the Class X Notes) (the “Minimum Denomination”) and integral multiples in excess thereof.
- (ii) If Definitive Notes for that class of Notes are required to be issued and printed, such Notes will be in the denomination of €200,000 (or €50,000 in the case of the Class X Notes) and every denomination between €201,000 and €399,000 (or between €51,000 and €99,000 in the case of the Class X Notes) that is an integral multiple of €1,000. Under no circumstances will Definitive Notes be issued in respect of a principal amount of Rated Notes which is less than the Minimum Denomination and any Noteholder holding Rated Notes having a nominal amount which cannot be represented by a Definitive Note in the Minimum Denomination will not be entitled to receive a Definitive Note in respect of such Rated Notes and will not therefore be able to receive principal or interest in respect of such Rated Notes. The absence of any

obligation on the Issuer to issue a Definitive Note in respect of a holder of Rated Notes which in aggregate principal amount is less than the Minimum Denomination shall not limit the rights of the relevant Noteholder against the Issuer under the Trust Deed and/or any of the other Transaction Documents in respect of such holding of Rated Notes.

- (iii) At any meeting of Noteholders of any class (except the Class X Noteholder while the Rated Notes of that class are represented by a Global Note):
 - (a) any vote cast will be valid only if it is in respect of not less than €200,000 (or €100,000 in case of the Class R Notes) in nominal amount; and
 - (b) 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 €200,000 (or €100,000 in case of the Class R Notes) in nominal amount.

2 Status and Relationship between the Notes and Security

2.1 Status and relationship between the Notes

- (i) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority among themselves.
- (ii) The Class X Notes constitute direct, secured and unconditional obligations of the Issuer. The Class X Notes rank *pari passu* without preference or priority among themselves.
- (iii) The Class B Notes constitute direct, secured and, subject as provided in Conditions 2.3 and 5.6 unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes and the Class X Notes as provided in these Conditions and the Transaction Documents.
- (iv) The Class C Notes constitute direct, secured and, subject as provided in Conditions 2.3 and 5.6 unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes, the Class X Notes and the Class B Notes as provided in these Conditions and the Transaction Documents.
- (v) The Class D Notes constitute direct, secured and, subject as provided in Conditions 2.3 and 5.6 unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes, the Class X Notes, the Class B Notes and the Class C Notes as provided in these Conditions and the Transaction Documents.
- (vi) The Class E Notes constitute direct, secured and, subject as provided in Conditions 2.3 and 5.6 unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes and the Class D Notes as provided in these Conditions and the Transaction Documents.
- (vii) The Class F Notes constitute direct, secured and, subject as provided in Conditions 2.3 and 5.6 unconditional obligations of the Issuer. The Class F Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as provided in these Conditions and the Transaction Documents.
- (viii) The Class R Notes constitute direct, secured and, subject as provided in Conditions 2.3 and 5.6 unconditional obligations of the Issuer. The Class R Notes rank *pari passu* without preference or priority among themselves but junior to the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as provided in these Conditions and the Transaction Documents.

2.2 Issuer Security

- (i) The security constituted by the Deed of Charge and the French Pledge Agreements is granted to the Trustee, on trust for the Noteholders and certain other creditors of the Issuer, upon and subject to the terms and conditions of the same.
- (ii) The Noteholders will share in the benefit of the security constituted by the Deed of Charge and the French Pledge Agreements, upon and subject to the terms and conditions of the same.

2.3 Shortfall after application of proceeds

If the net proceeds of the enforcement and/or realisation of the security under the Deed of Charge or from assets otherwise forming part of Compartment 1 of the Issuer (the “Net Proceeds”) are not sufficient to make all payments which, but for the effect of this provision, would then be due to the Secured Creditors, then the obligations of the Issuer in respect of them will be limited to such Net Proceeds and not to the assets of any other Compartment of the Issuer or any other assets of the Issuer, which shall not be available for payment of any Shortfall arising therefrom. Any such Shortfall shall be borne by the Noteholders in inverse order of priority as set out in Condition 2.1 above.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and accordingly no debt shall be owed by the Issuer in respect of any Shortfall remaining after realisation of the security under Condition 2.2 and application of the Net Proceeds in accordance with the Deed of Charge and the French Pledge Agreements. The Trustee, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank and the Registrar, any Noteholder and any other Secured Creditor may not take any further action to recover such Shortfall. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under Condition 10.

In this Condition, “Shortfall” means the difference between the amount of the Net Proceeds and the amount which would but for this Condition 2.3 have been due to the Secured Creditors.

3 Covenants

3.1 Issuer

Save with the prior written consent of the Trustee or unless otherwise permitted under any of the Trust Deed, the Deed of Charge, the Agency Agreement, the Registrar Agreement, the Direct Loan Servicing Agreements, the Cash Management Agreement, the Issuer Bank Agreement, the Mortgage Sale Agreements, the Direct Loan Intercreditor Agreements, the Liquidity Facility Agreement, the Swap Agreement, the Corporate Services Agreement (together with the Master Definitions Schedule and any other document designated as such by the Issuer and the Trustee, the “Transaction Documents”) or any of the Permitted Transaction Documents, the Issuer shall not, so long as any Note remains outstanding (as defined in the Trust Deed):

- (i) Negative pledge
create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (ii) Restrictions on activities
 - (a) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents and such other Permitted Transaction Documents provide or envisage that the Issuer will engage;
 - (b) have any subsidiaries or any employees;
 - (c) act as director of any company; or
 - (d) own or lease any premises;
- (iii) Disposal of assets
transfer, sell, lend, part with, convey, assign or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (iv) Dividends or distributions
pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (v) Indebtedness
incur any financial indebtedness (other than indebtedness permitted to be incurred pursuant to, or as contemplated in, any of the Transaction Documents or any other Permitted Transaction Documents) or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;

- (vi) Merger
 - (a) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
 - (b) consolidate or merge Compartment 1 with any other compartment of the Issuer or convey or transfer the properties or assets of Compartment 1 to another compartment;
- (vii) Liquidation
 - seek the liquidation of Compartment 1;
- (viii) No modification or waiver
 - permit any of the Transaction Documents or any other Permitted Transaction Document to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents or any other Permitted Transaction Document to which it is a party or permit any party to any of the Transaction Documents or any other Permitted Transaction Document to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents or any other Permitted Transaction Document to which it is a party;
- (ix) Bank accounts
 - have an interest in any bank account other than the Issuer Accounts, an account into which subscription monies in respect of the shares in the Issuer are paid, and the accounts of the Issuer established in connection with any other Permitted Note Issue, unless such account or interest therein is charged to the Trustee on terms acceptable to it.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or any other Permitted Transaction Document or may impose such other conditions or requirements as the Trustee may deem expedient in the interests of the Noteholders.

For so long as the Notes remain outstanding, the Issuer will not be permitted to issue securities in respect of any Compartment of the Issuer except Compartment 1 in relation to the issue of the Notes unless either (i) the conditions set out below are satisfied or (ii) the Trustee has otherwise consented to such further issue.

The Issuer shall be at liberty from time to time (without the consent of the Noteholders) but only if restrictions contained in this Condition 3.1 will be complied with to issue further notes (each, together with any prior class or series or issue of notes issued by the Issuer (other than the Notes) "Other Permitted Notes") and to enter into related transactions contained in the related Permitted Transaction Documents (the "Other Permitted Transaction Documents") provided that:

- (i) such Other Permitted Notes and the related Other Permitted Transaction Documents and all liabilities and obligations of the Issuer in relation thereto and in relation to the assets of the Issuer relating thereto correspond to and are irrevocably designated by the Issuer as relating to a Compartment of the Issuer other than Compartment 1 or any other existing Compartment of the Issuer;
- (ii) any liabilities or obligations of the Issuer under such Other Permitted Notes and any related Other Permitted Transaction Documents shall be secured on, and have recourse limited to, assets of the Issuer relating exclusively to such Other Permitted Notes and Other Permitted Transaction Documents and a Compartment of the Issuer other than Compartment 1 or any other existing Compartment of the Issuer and shall not be secured on or have recourse in any respect to assets of the Issuer relating to Compartment 1 or any other existing Compartment of the Issuer other than the assets of the Issuer corresponding to the relevant Compartment;
- (iii) the trustee in respect of such issue of Other Permitted Notes and in respect of the security interest created in relation thereto shall be the same entity as the Trustee in respect of the Notes;

- (iv) the conditions of such Other Permitted Notes and the terms and conditions of the Other Permitted Transaction Documents shall contain such provisions (including, without limitation, as to the delivery of such legal opinions as the Trustee may require in form and substance acceptable to the Trustee) as the Trustee may require to ensure that the requirements of this Condition 3.1 are satisfied and that each such issue of Other Permitted Notes and the related Other Permitted Transaction Documents and the assets and liabilities of the Issuer corresponding thereto are segregated in a Compartment of the Issuer which is separate to Compartment 1 or any other Compartment of the Issuer which corresponds to any other issue of Other Permitted Notes; and
- (v) each of the Rating Agencies shall have confirmed in writing to the Trustee that the then current rating of the Notes would not be adversely affected by such issue of Other Permitted Notes.

“Permitted Note Issue” means the issue of the Notes and any further issue of notes made by the Issuer which satisfies the conditions in Condition 3.1, the Trust Deed and the Deed of Charge.

“Permitted Transaction Documents” means each agreement (howsoever expressed) entered into by the Issuer in relation to a Permitted Note Issue.

3.2 Master Servicer

- (i) So long as any of the Notes remain outstanding, the Issuer will procure that there will at all times be a master servicer (the “Master Servicer”) for the servicing of the Loans and the performance of the other administrative duties set out in the Servicing Agreement.
- (ii) The Servicing Agreement will provide that (a) 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 (b) 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 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.

3.3 Special Servicer and Operating Adviser

If any class of Noteholders (other than the Class X Noteholder) is the Controlling Creditor (as defined in the Direct Loan Servicing Agreement), then the Issuer, upon being so instructed by an Extraordinary Resolution of that class of Noteholders, will exercise its rights under the Direct Loan Servicing Agreement to appoint a substitute or successor special servicer (“Special Servicer”) in respect of the relevant Loan subject to the conditions of the Direct Loan Servicing Agreement.

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 relevant Servicing Agreement.

4 Registration and Transfer of the Class R Notes

4.1 Registration

The Issuer will cause to be kept at the specified office of the Registrar a register (the “Register”) on which shall be entered the name and address of the holders of the Class R Notes and the particulars of the Class R Notes and of all transfers of the Class R Notes. Upon transfer of any Class R Note, the Registrar shall deliver to the Issuer an up to date copy of the Register after each transfer and the subsequent entry in the Register of the new Class R Noteholder.

4.2 Transfer of Class R Notes

- (i) The Class R Notes may, subject to the terms of the Registrar Agreement and to Condition 4.2 (iii) below, be transferred in whole or in part (in the principal amount of €100,000 or any integral multiple of €1,000 in excess thereof above such amount) by registering the transfer of the Class R Note in a register maintained at the specified office of the

Registrar. No transfer of any Class R Note will be valid unless and until entered on the Register. A Class R Note may be registered only in the name of, and transferred only to, a named person.

The Registrar will, within seven Business Days of the date of registering the transfer of a Class R Note, deliver a certificate to the transferee at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee otherwise than by ordinary mail, at the expense of the transferee) mail the certificate by uninsured mail to such address, other than an address in the United States, as the transferee may request. In the case of the transfer of part only of a Class R Note, a certificate in respect of the balance of the Class R Note not transferred will be delivered or (at the risk of the transferor) sent to the transferor.

- (ii) Any such transfer as aforesaid will be effected without charge subject to (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges payable in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee. A copy of the regulations will be mailed by the Registrar (free of charge) to any Class R Noteholder who so requests.
- (iii) Neither the Issuer nor the Registrar, as appropriate, will be required to register the transfer of a Class R Note during the period of 10 days immediately prior to an Interest Payment Date or the Final Maturity Date.

5 Interest

5.1 Interest accrual

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 6, payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

5.2 Interest Payment Dates

The Notes bear interest on their respective Principal Amounts Outstanding from and including the Issue Date payable quarterly in arrear on 30 January, 30 April, 30 July and 30 October in each year (each an "Interest Payment Date") in respect of the Interest Period (as defined below) ended immediately prior thereto. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day. The first payment shall be due on the Interest Payment Date falling in October 2006. The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an "Interest Period".

5.3 Rate of Interest

For the purposes of determining the rate of interest payable from time to time in respect of each class of the Notes (other than the Class X Notes and the Class R Notes for the Interest Period) (each a "Rate of Interest"), Note EURIBOR will be determined by the Agent Bank on the basis of the following provisions:

- (i) on each Interest Determination Date (as defined below) the Agent Bank will determine the Screen Rate (as defined below) as of 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined below) to provide the Agent Bank with the rate at which deposits in Euro are offered by it to prime banks in the Eurozone interbank market for three months at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question and for a Representative Amount (as defined below);
- (ii) the Rate of Interest for the Interest Period in respect of each class of the Notes (other than the Class X Notes and the Class R Notes) shall be the Screen Rate plus the Margin (as defined below) applicable to the relevant class of Notes or, if the Screen Rate is

unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the applicable Margin;

- (iii) if fewer than two rates are provided as requested, the Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in the Eurozone selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for loans in Euro to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the applicable Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date;
- (iv) in these Conditions (except where otherwise defined), the expression:
 - (a) “Interest Determination Date” means two Business Days prior to each Interest Payment Date or, in the case of the first Interest Period, the Issue Date;
 - (b) “Margin” for any Interest Period means:
 - (I) in respect of the Class A Notes, 0.21 per cent. per annum;
 - (II) in respect of the Class B Notes, 0.30 per cent. per annum;
 - (III) in respect of the Class C Notes, 0.50 per cent. per annum;
 - (IV) in respect of the Class D Notes, 0.95 per cent. per annum; and
 - (V) in respect of the Class E Notes, 1.375 per cent. per annum;
 - (VI) in respect of the Class F Notes, 3.50 per cent. per annum;
 - (c) “Reference Banks” means each of five major banks engaged in the Eurozone interbank market as may be selected by the Agent Bank;
 - (d) “Representative Amount” means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time; and
 - (e) “Screen Rate” means the rate for three months deposits in Euro in the Eurozone which appears on the Moneyline/Telerate Screen Page No. 248 (or such replacement page on that service which displays the information or if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Moneyline/Telerate Monitor).

The interest payable on the Class R Notes (the “Class R Interest Amount”) for any Interest Period (save for the Interest Period ending immediately prior to the Final Maturity Date) is an amount equal to all Revenue Funds received by the Issuer during the relevant Interest Period less all amounts payable by the Issuer on the relevant Interest Payment Date in respect of paragraphs (i) to (xxv) of the Pre-Enforcement Revenue Priority of Payments. No Class R Interest Amount will be payable on the Final Maturity Date and only the Principal Amount Outstanding in respect of the Class R Notes will be payable on such date in accordance with Condition 7.3. The interest payable on each Class R Note is an amount equal to the product of the Class R Interest Amount and the Principal Amount Outstanding of such Class R Note, divided by the aggregate Principal Amount Outstanding of all the Class R Notes existing on the Interest Determination Date immediately preceding the relevant Interest Payment Date.

The interest rate applicable to the Class X Notes from time to time will be the “Class X Interest Rate”. The Class X Interest Rate for any Interest Payment Date is the per annum rate equal to a percentage calculated as follows: (i) the product of: (a) the aggregate outstanding principal balance of the Loans as of the beginning of the applicable Interest Period (after taking into account of any write-offs of principal arising due to prepayments realised by the Master Servicer and/or the Special Servicer, as the case may be, on the Loans during the period from (and including) a Determination Date to (but excluding) the following Determination Date (the “Collection Period”) immediately preceding such Interest Period) and (b) the Class X Weighted Average Strip Rate (after taking into account of any difference in interest accrual periods for the Loans and the Notes provided that, in relation to the first Interest Period, the interest

accrual period for the Loans will be deemed to start on the Issue Date), divided by (ii) the Principal Amount Outstanding of the Class X Notes immediately prior to such Interest Payment Date.

The “Determination Date” means the 27th day of each calendar month in which an Interest Payment Date falls or, if such day is not a Business Day, on the next following Business Day.

The “Class X Weighted Average Strip Rate” with respect to any Interest Payment Date will be a per annum rate equal to the excess, if any, of (x) the Weighted Average Net Mortgage Rate for the applicable Interest Period over (y) the weighted average of the Note Rate of all of the Notes (other than the Class X Notes and the Class R Notes) (weighted on the basis of the respective Principal Amount Outstanding of such Notes immediately prior to the related Interest Payment Date).

The “Note Rate” means, in respect of each Class of Notes (other than the Class X Notes and the Class R Notes) for each Interest Period, EURIBOR as determined as at the related Interest Determination Date plus the relevant Margin in respect of such class.

The “Weighted Average Net Mortgage Rate” with respect to any Interest Payment Date will be equal to the weighted average of the Net Mortgage Rates for the Loans weighted on the basis of their respective principal balances as of the beginning of the applicable Interest Period (after taking into account any write-offs of principal realised by the Master Servicer and/or the Special Servicer on the Loans during the Collection Period immediately preceding such Interest Period) and, in the case of the first Interest Payment Date, the Issue Date.

The “Net Mortgage Rate” for any Loan, with respect to any Interest Payment Date, will be equal to the related per annum interest rate on such Loan (which, with respect to each Loan that has a related Swap Transaction (including for the avoidance of doubt any blended Basis Swap Transactions), is the interest rate after giving effect to such Swap Transaction) less the Administrative Cost Rate.

The “Administrative Cost Rate” is equal to a variable rate, which, as of any Interest Payment Date, is the percentage equal to the product of (a) 360 and (b) the fraction obtained by dividing: (i) the Administrative Cost Factor by (ii) the actual number of days in the relevant Interest Period for such Interest Payment Date. The Administrative Cost Rate represents as of any date of calculation, the per annum rate at which Administrative Costs for any Interest Period accrue against the outstanding principal balance of the Loans. The Administrative Cost Rate for the first Interest Period is expected to be approximately 0.183 per cent. per annum.

The “Administrative Cost Factor” is, as of any Interest Payment Date, equal to the percentage obtained by dividing: (i) the Administrative Fees for such Interest Payment Date by (ii) the outstanding principal balance of the Loans immediately after the preceding Interest Payment Date.

The “Administrative Costs” are, as of any Interest Payment Date, equal to the percentage obtained by dividing (i) the Administrative Fees for such Interest Payment Date by (ii) the outstanding principal balance of the Loans for such Interest Payment Date.

The “Administrative Fees” for the initial Interest Payment Date are expected to be approximately €300,000 and for any subsequent Interest Payment Date will be the sum of (i) all ordinary, recurring fees (including servicing fees if any) plus VAT, if applicable, related to such Interest Payment Date plus (ii) any amounts in respect of any mandatory costs due to the Liquidity Facility Provider under the Liquidity Facility Agreement in excess of those amounts referred to under item (iii)(c) of the Pre-Enforcement Revenue Priority of Payments, any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation and any Liquidity Subordinated Amounts plus (iii) any amount payable in respect of the matters referred to in items (v), (vi), (xx) and (xxi) of the Pre-Enforcement Revenue Priority of Payments. The Administrative Fees are expected to be, on an annual basis, an amount equal to approximately €1,000,000 (most fees are expected to be paid on a quarterly basis, but orders may occur on differing bases); however, if any current service provider is replaced by a successor service provider and such successor’s fees are in excess of the prior service provider’s fees or any amount as described above becomes payable to the Liquidity Facility Provider, the Administrative Fees will be increased to reflect such change. Administrative Fees for the purposes of calculating the Class X Interest Rate does not include any fees or expenses payable by the Issuer to any entity that are unusual or

extraordinary in nature (other than those described above in relation to the Liquidity Facility Provider) including the repayment of Servicing Expenses, Liquidity Drawings and interest thereon.

Failure by the Issuer to pay interest on the Class X Notes will not result in an Event of Default or an enforcement of the Issuer Security.

5.4 Determination of rates and amounts of interest

The Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the respective Euro amounts (the “Interest Amounts”) payable in respect of interest on the Principal Amount Outstanding of each class of the Notes (other than the Class X Notes and the Class R Notes) (after deducting, in respect of each class of Notes, the amount of Principal Deficiency (if any) which has been recorded, by way of debit entry, to the Principal Deficiency Ledger of that class of Notes) for the relevant Interest Period. The Interest Amounts shall be determined by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The Cash Manager shall, as soon as practicable, after 11.00 a.m. (Brussels time) on each Interest Determination Date determine the Euro amounts payable in respect of interest on the Principal Amount Outstanding of the Class X Notes (the “Class X Interest Amount”) and the Class R Interest Amount. The Class X Interest Amounts shall be determined by applying the Class X Interest Rate to the Principal Amount Outstanding of the Class X Notes, multiplying the product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

For the purposes of this Condition 5.4, “Principal Deficiency” means any amount debited to the Principal Deficiency Ledgers by the Cash Manager from time to time.

5.5 Publication of rates and amounts of interest

The Agent Bank shall cause the Rates of Interest and the Interest Amounts, and the Cash Manager shall cause the Class X Interest Rate, the Class X Interest Amounts and the Class R Interest Amounts for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Trustee and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 15 as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6 Deferral of interest

Interest on the Notes shall be payable in accordance with this Condition 5 and Condition 6 subject to the following terms of this paragraph:

- (i) in the event that, whilst there are Class A Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Condition 5.6, due on the Class B Notes on such Interest Payment Date (such aggregate available funds being referred to in this Condition 5.6 as the “Class B Residual Amount”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 5.6, due on the Class B Notes on such Interest Payment Date, there shall be payable on such Interest Payment Date, by way of interest on each Class B Note, a *pro rata* share of the Class B Residual Amount;
- (ii) in the event that, whilst there are Class A Notes and/or Class B Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Condition 5.6, due on the Class C Notes on such Interest Payment Date (such aggregate available funds being referred to in this Condition 5.6 as the “Class C Residual Amount”) are not

sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 5.6, due on the Class C Notes on such Interest Payment Date, there shall be payable on such Interest Payment Date, by way of interest on each Class C Note, a *pro rata* share of the Class C Residual Amount;

- (iii) in the event that, whilst there are Class A Notes, Class B Notes and/or Class C Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest (other than the Excess Class D Interest Amount) which is, subject to this Condition 5.6, due on the Class D Notes on such Interest Payment Date (such aggregate available funds being referred to in this Condition 5.6 as the “Class D Residual Amount”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 5.6, due on the Class D Notes on such Interest Payment Date, there shall be payable on such Interest Payment Date, by way of interest on each Class D Note, a *pro rata* share of the Class D Residual Amount;
- (iv) in the event that, whilst there are Class A Notes, Class B Notes, Class C Notes and/or Class D Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest (other than the Excess Class E Interest Amount) which is, subject to this Condition 5.6, due on the Class E Notes on such Interest Payment Date (such aggregate available funds being referred to in this Condition 5.6 as the “Class E Residual Amount”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 5.6, due on the Class E Notes on such Interest Payment Date, there shall be payable on such Interest Payment Date, by way of interest on each Class E Note, a *pro rata* share of the Class E Residual Amount
- (v) in the event that, whilst there are Class A Notes, Class B Notes, Class C Notes, Class D Notes and/or Class E Notes outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest (other than the Excess Class F Interest Amount) which is, subject to this Condition 5.6, due on the Class F Notes on such Interest Payment Date (such aggregate available funds being referred to in this Condition 5.6 as the “Class F Residual Amount”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 5.6, due on the Class F Notes on such Interest Payment Date, there shall be payable on such Interest Payment Date, by way of interest on each Class F Note, a *pro rata* share of the Class F Residual Amount; and
- (vi) in the event that, whilst there are Class A Notes, Class B Notes, the Class C Notes, Class D Notes, Class E Notes and/or Class F Note outstanding, the aggregate funds (if any) calculated in accordance with the Pre-Enforcement Revenue Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Condition 5.6, due on the Class R Notes on such Interest Payment Date (such aggregate available funds being referred to in this Condition 5.6 as the “Class R Residual Amount”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 5.6, due on the Class R Notes on such Interest Payment Date, there shall be payable on such Interest Payment Date, by way of interest on each Class R Note, a *pro rata* share of the Class R Residual Amount.

In the event that, by virtue of the provisions of paragraphs (i) to (v) above, a *pro rata* share of the Class B Residual Amount, the Class C Residual Amount, the Class D Residual Amount, the Class E Residual Amount or the Class F Residual Amount is paid to Noteholders of the relevant class in accordance with such provisions, the Issuer shall create provisions in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes or, as the case may be, the Class C Notes or, as the case may be, the Class D Notes or, as the case may be, the Class E Notes or, as the case may be, the Class F Notes on any Interest Payment Date in accordance with this Condition 5.6 falls short of the aggregate amount of interest payable on the relevant class of Notes on that date pursuant to the other provisions of this Condition 5. Such shortfall shall accrue interest, in the case of the Class

B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (other than any Excess Interest Amount) at a rate for each Interest Period during which it is outstanding equal to Note EURIBOR plus the Margin for the relevant class of Notes for such Interest Period. A *pro rata* share of such shortfall (other than any shortfall which is an Excess Interest Amount) plus any interest accrued thereon shall be aggregated with the amount of, and treated for the purpose of this Condition as if it were, interest due, subject to this Condition 5.6, on each Class B Note, Class C Note, Class D Note, Class E Note or Class F Note on the next succeeding Interest Payment Date. This provision shall cease to apply on the Interest Payment Date referred to in Condition 7.1 at which time all accrued interest shall become due and payable. The foregoing provisions of this Condition 5.6 will not apply to any Excess Interest Amounts in respect of the Class D Notes, the Class E Notes and the Class F Notes as to which Condition 5.7 will apply.

As soon as practicable after becoming aware that any interest will be deferred, the Issuer or the Cash Manager acting on its behalf will give notice thereof to the Trustee and the relevant Noteholders in accordance with Condition 15.

5.7 Interest on the Class D Notes, the Class E Notes and the Class F Notes

Notwithstanding Condition 5.6, if on any Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes otherwise becoming due and payable:

- (i) the amount of interest that would otherwise be due and payable in respect of the Class D Notes and/or the Class E Notes and/or the Class F Notes would not be paid in full out of the Revenue Funds available to the Issuer;
- (ii) there has been a prepayment in respect of any Loan; and
- (iii) all interest has been paid when due under each Loan,

then the amount of interest remaining unpaid in respect of the Class D Notes and/or the Class E Notes and/or the Class F Notes after application of the Revenue Funds (the aggregate of amounts being the “Excess Class D Interest Amount”, “Excess Class E Interest Amount” and “Excess Class F Interest Amount” respectively, and together the “Excess Interest Amounts”) will not be due and will only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments on any subsequent Interest Payment Date. Notwithstanding any other provision in these Conditions, no Excess Interest Amount will accrue interest.

As soon as practicable after becoming aware that there will be any Excess Class D Interest Amount and/or Excess Class E Interest Amount and/or Excess Class F Interest Amount, the Issuer or the Cash Manager acting on its behalf will give notice thereof to the Trustee and the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders, as the case may be, in accordance with Condition 15.

5.8 Determination or calculation by the Trustee

The Trustee (or the Cash Manager on behalf of the Trustee) shall, if the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and Interest Amounts in accordance with the above provisions, determine the Rates of Interest and Interest Amounts, the former at such rates as the Trustee shall, in its absolute discretion, think fit (having such regard as it shall think fit to the procedure described above) and the determinations shall be deemed to be determinations by the Agent Bank.

5.9 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Reference Banks (or any of them), the Agent Bank or the Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Agent Bank, the Paying Agents and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Agent Bank or, if applicable, the Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 5.

5.10 Agent Bank

The Issuer shall procure that, so long as any of the Rated Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Rated Notes and the Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee, appoint the London office of another major bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5.11 Registrar

The Issuer shall ensure that, so long as any of the Class R Notes remains outstanding, there shall at all times be a Registrar. The initial Registrar shall be Luxembourg International Consulting S.A. In the event of the Registrar being unwilling to act as the Registrar, the Issuer shall appoint such other registrar as may be approved by the Trustee to act as such in its place. The Registrar may not resign until a successor approved by the Trustee has been appointed.

6 Payments

6.1 Payments in respect of Notes

Payments in respect of principal and interest in respect of any Global Note or Definitive Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 15 for such purpose, subject, in the case of any Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Temporary Global Note. A record of each payment of principal or interest made in respect of a Global Note will be made on the relevant Global Note by or on behalf of the Principal Paying Agent or such other Paying Agent as aforesaid and such record shall be prima facie evidence that the payment in question has been made. No person appearing from time to time in the records of Clearstream, Luxembourg or of Euroclear as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note while such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

6.2 Method of payment

Payments will be made by credit or transfer to an account in Euro maintained by the payee with, or at the option of the payee, by a cheque in Euro drawn on an account maintained with, a bank in London.

6.3 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

6.4 Payment only on a Presentation Date

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

“Presentation Date” means a day which (subject to Condition 9):

- (i) is or falls after the relevant due date;
- (ii) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and
- (iii) in the case of payment by credit or transfer to a Euro account in London (as referred to above), is a Business Day in London.

In this Condition 6.4, “Business Day” means, in relation to any place, a day on which (i) commercial banks are open for business and settle payments in Euros in London and (ii) the Trans European Automated Real-Time Gross Settlement Expenses Transfer (TARGET) System is open.

6.5 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (i) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent;
- (ii) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to the Official List of the Irish Stock Exchange, shall be Dublin; and
- (iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 15.

7 Redemption

7.1 Redemption at maturity

Unless previously redeemed as provided in this Condition 7, the Issuer will redeem the Notes at their respective Principal Amount Outstanding (as defined in Condition 7.3 below) on the Interest Payment Date falling in April 2013 (the “Final Maturity Date”).

This is without prejudice to Condition 10.

7.2 Mandatory redemption from Available Redemption Funds

On each Interest Payment Date, other than the Interest Payment Date on which the Notes are to be redeemed under Condition 7.1 above or Conditions 7.4 or 7.5 below, the Issuer shall apply an amount equal to the Available Redemption Funds determined in respect of that Interest Payment Date in making the following redemptions in the following priority, subject to the Pre-Enforcement Principal Priority of Payments (as set out in the Cash Management Agreement):

- (i) if a Sequential Payment Trigger has not occurred, then:
 - (A) in relation to Available Redemption Funds attributable to Scheduled Principal Receipts in respect of the Direct Loans, Principal Recoveries in respect of the Direct Loans, FCC Note Principal which derives from Scheduled Principal Receipts or Principal Recoveries in respect of the French Loans and SAGRES Note Principal which derives from Scheduled Principal Receipts or Principal Recoveries in respect of the Portuguese Loans, in or towards redeeming the Rated Notes in the following order of priority:
 - (a) the Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (b) the Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (c) the Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (d) the Class D Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (e) the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero; and

- (f) the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (B) in relation to Available Redemption Funds attributable to Prepayment Receipts in respect of the Direct Loans other than the Nibelung Loan, FCC Note Principal which derives from Prepayment Receipts in respect of the French Loans and SAGRES Note Principal which derives from Prepayment Receipts in respect of the Portuguese Loans, such amounts will be applied in the following order:
- (I) first, an amount (if any) equal to any Pro rata Amount will be applied in or towards redeeming, *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:
 - (a) the Class A Notes;
 - (b) the Class B Notes;
 - (c) the Class C Notes;
 - (d) the Class D Notes; and
 - (e) the Class E Notes,
 in each case until the same have been redeemed in full; and
 - (II) secondly, an amount (if any) equal to any Sequential Amount will be applied in or towards redeeming the Rated Notes in the following order of priority:
 - (a) the Class A Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (b) the Class B Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (c) the Class C Notes until the Principal Amount Outstanding thereof is reduced to zero;
 - (d) the Class D Notes until the Principal Amount Outstanding thereof is reduced to zero; and
 - (e) the Class E Notes until the Principal Amount Outstanding thereof is reduced to zero;
- (C) in relation to Available Redemption Funds attributable to Prepayment Receipts in respect of:
- (I) prepayment of the Nibelung Loan in full, firstly in or towards redeeming the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero and then in or towards redeeming *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:
 - (a) the Class A Notes;
 - (b) the Class B Notes;
 - (c) the Class C Notes;
 - (d) the Class D Notes; and
 - (e) the Class E Notes,
 in each case until the same have been redeemed in full; and
 - (II) prepayment of the Nibelung Loan in part when such prepayment will not result in the outstanding principal balance of the Nibelung Loan being reduced to €16,800,000 or less, in or towards redeeming, *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:
 - (a) the Class A Notes;
 - (b) the Class B Notes;
 - (c) the Class C Notes;
 - (d) the Class D Notes;
 - (e) the Class E Notes; and
 - (f) the Class F Notes

in each case until the same have been redeemed in full;

- (III) prepayment of the Nibelung Loan in part when after such prepayment, the outstanding principal balance of the Nibelung Loan will be less than €16,800,000,

first, an amount equal to the difference between the outstanding principal balance of the Nibelung Loan prior to the prepayment and €16,800,000 (if such difference would be greater than zero) will be applied in or towards redeeming, *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:

- (a) the Class A Notes;
- (b) the Class B Notes;
- (c) the Class C Notes;
- (d) the Class D Notes;
- (e) the Class E Notes; and
- (f) the Class F Notes,

in each case until the same have been redeemed in full;

secondly, any remaining Prepayment Receipts under this Condition 7.2(i)(C)(III) will be applied in or towards redeeming the Class F Notes until the Principal Amount Outstanding thereof is reduced to zero and then in or towards redeeming *pro rata* and *pari passu*, according to the respective Principal Amounts Outstanding thereof:

- (a) the Class A Notes;
- (b) the Class B Notes;
- (c) the Class C Notes;
- (d) the Class D Notes; and
- (e) the Class E Notes,

in each case until the same have been redeemed in full;

- (ii) if a Sequential Payment Trigger has occurred, in or towards redeeming the Rated Notes in the following order of priority:

- (a) the Class A Notes until the Interest Payment Date on which the Class A Notes have been redeemed in full;
- (b) after the Class A Notes have been redeemed in full, the Class B Notes until the Interest Payment Date on which the Class B Notes have been redeemed in full;
- (c) after the Class B Notes have been redeemed in full, the Class C Notes until the Interest Payment Date on which the Class C Notes have been redeemed in full;
- (d) after the Class C Notes have been redeemed in full, the Class D Notes until the Interest Payment Date on which the Class D Notes have been redeemed in full;
- (e) after the Class D Notes have been redeemed in full, the Class E Notes until the Interest Payment Date on which the Class E Notes have been redeemed in full; and
- (f) after the Class E Notes have been redeemed in full, the Class F Notes until the Interest Payment Date on which the Class F Notes have been redeemed in full.

“*Pro rata* Amount” for any Interest Payment Date will be equal to the sum, without duplication, of: (i) any Prepayment Receipts in respect of the Bastuban Loan; and (ii) 50 per cent. of the aggregate Prepayment Receipts (if any) in respect of the Elancourt Loan, the Selaht Loan, the Nawon Loan and the Sunrise Loan, all of which have been received during the related Calculation Period.

“Sequential Amount” for any Interest Payment Date will be equal to the sum, without duplication, of: (i) the aggregate Prepayment Receipts (if any) in respect of the Degi – Expo Tower Loan and the Degi – Entrecampos Loan; and (ii) 50 per cent. of the

aggregate Prepayment Receipts (if any) in respect of the Elancourt Loan, the Selaht Loan, the Nawon Loan and the Sunrise Loan, all of which have been received during the related Calculation Period.

For the purposes of applying the Available Redemption Funds in accordance with the Pre-Enforcement Principal Priority of Payments, the Cash Manager will, based on information provided by the Master Servicer, identify the source of each constituent of the Principal Receipts, including the nature of receipts in respect of the French Loans and the Portuguese Loans which are received by the Issuer as FCC Note Principal and SAGRES Note Principal.

“Sequential Payment Trigger” for any Determination Date means any of the following circumstances:

- (i) there is a Loan Event of Default subsisting in respect of any of the Loans, based on the original loan terms of such Loan as at the Issue Date, on such Determination Date; or
- (ii) the cumulative percentage of the Loans which have defaulted since the Issue Date is greater than 10 per cent. of the aggregate principal amount outstanding of the Loans as of the Issue Date, provided that, in determining whether a Loan has defaulted for the purposes of this paragraph (ii):
 - (a) such determination shall be made solely on the basis of the terms of the relevant Credit Agreement as at the Issue Date and without regard to any subsequent amendments to the relevant Credit Agreement or waivers granted in respect thereof; and
 - (b) a Loan Event of Default (if so determined in the Investor Report for the immediately preceding Interest Period) shall not be deemed to have occurred if (I) the default is with respect to payment and such default has been remedied or cured within 5 Business Days of such default, and/or (II) the default is other than with respect to payment, the default is capable of being remedied or cured and such default has been remedied or cured by the Borrower within 30 days of such default being notified in accordance with the terms of the relevant Credit Agreement, and/or (III) enforcement procedures have been completed and the principal amount outstanding of all amounts of interest, fees, expenses and any other amounts payable by the relevant Borrower in respect of such defaulted Loan have been received in full or the relevant Borrower has prepaid the defaulted Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the relevant Borrower in respect of such defaulted Loan); or
- (iii) the aggregate Principal Amount Outstanding of the Rated Notes (other than the Class X Notes) is less than 20 per cent. of the initial aggregate Principal Amount Outstanding of the Rated Notes (other than the Class X Notes).

Amounts credited to the Issuer Principal Account on the Issue Date (not exceeding €6,000) shall be applied in or towards redeeming the Class A Notes on the first Interest Payment Date.

Upon payment in full of the Principal Amounts Outstanding of all Notes (other than the Class X Notes) by redemption pursuant to any provision under this Condition 7 or in the event that the aggregate outstanding principal amount of Loans has been reduced to zero, the amount held in the Class X Principal Account shall be paid in full as payment of principal to the holders of the Class X Notes.

7.3 Note Principal Payments, Principal Amount Outstanding and Pool Factor

The principal amount redeemable in respect of each Note of each class (the “Note Principal Payment”) on any Interest Payment Date under Condition 7.2 above shall be (in respect of the Rated Notes) the amount of the Available Redemption Funds and (in respect of the Class R Notes) the amount of Revenue Funds calculated on the Determination Date immediately preceding Final Maturity Date to be applied in accordance with the Pre-Enforcement Principal Priority of Payments and the Pre-Enforcement Revenue Priority of Payments, respectively, in redemption of Notes of that class divided by the number of Notes of that class outstanding on

the relevant Interest Payment Date (rounded down to the nearest cent); provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

With respect to each of the Notes on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Determination Date, (ii) the principal amount outstanding of each such Note of such class on the Interest Payment Date next following such Determination Date after deducting: (a) any Note Principal Payment due to be made on that Interest Payment Date, except if and to the extent that any such repayment has been improperly withheld or refused, and (b) the amount of Principal Deficiency (if any) in respect of such Notes that have arisen on or prior to such time (the “Principal Amount Outstanding”) and (iii) the fraction expressed as a decimal to the sixth point (the “Pool Factor”), of which the numerator is the Principal Amount Outstanding of a Note of that class (as referred to in (ii) above) and the denominator is 200,000 (in respect of the Rated Notes except the Class X Notes), 50,000 (in respect of the Class X Notes) or 100,000 (in respect of the Class R Notes). Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each of the classes of Notes, the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor (in relation to every Interest Payment Date) to be notified forthwith to the Trustee, the Paying Agents, the Agent Bank, the Registrar, the Swap Counterparty and (for so long as the Notes are listed on one or more stock exchanges or admitted to listing by any other relevant authority) the relevant stock exchanges or such other authority, and will immediately cause notice of each such determination to be given in accordance with Condition 15 by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes on any Interest Payment Date, a notice to this effect will be given to the Noteholders.

If the Issuer does not at any time for any reason determine (or cause the Cash Manager to determine) with respect to each of the classes of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor, in accordance with the preceding provisions of this paragraph, such determination may be made by the Trustee (without any liability accruing to the Trustee as a result) in accordance with this paragraph and on the basis of information supplied to the Trustee by the Issuer or the Master Servicer and each such determination or calculation shall be deemed to have been made by the Issuer.

7.4 Optional redemption

The Issuer may, having given not more than 60 nor less than 30 days’ notice to the Trustee, the Rating Agencies, the Registrar, the Swap Counterparty and the Noteholders of the Rated Notes in accordance with Condition 15, redeem all (but not some only) of the Rated Notes at their Principal Amount Outstanding together with any accrued interest (other than Excess Interest Amounts, which only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments) on any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Rated Notes is less than 10 per cent. of the aggregate initial Principal Amount Outstanding of the Rated Notes on the Issue Date, provided that prior to the giving of any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Rated Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with the Rated Notes outstanding in accordance with the Cash Management Agreement, the Deed of Charge and the relevant Priority of Payments.

7.5 Optional redemption for taxation or other reasons

If:

- (i) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any class of the Notes (other than because the relevant holder has some connection with Luxembourg other than the holding of Notes of such class) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Luxembourg or any political sub-division thereof or any authority thereof or therein; or
- (ii) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, the Issuer or the Swap Counterparty would be required to deduct or withhold from any payment under the Swap Transaction any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; or
- (iii) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, any Borrower under the Loans would be required to deduct or withhold from any payment of principal, interest or other sum due and payable thereunder any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever,

then the Issuer shall, if the same would avoid the effect of the relevant event described in sub-paragraph (i), (ii) or (iii) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Trustee as principal debtor under the Notes, provided that the Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders of any class.

If the Issuer satisfies the Trustee immediately before giving the notice referred to below that one or more of the events described in sub-paragraph (i), (ii) or (iii) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 15, the Registrar, the Swap Counterparty and the Trustee and having certified to the Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date, redeem all, but not some only, of the Notes at their respective Principal Amounts Outstanding together with accrued but unpaid interest (other than Excess Interest Amounts, which only become payable by the Issuer if there are sufficient Revenue Funds available in accordance with the relevant Priority of Payments) up to but excluding the date of redemption.

7.6 Notice of redemption

Any such notice as is referred to in Condition 7.4 and Condition 7.5 above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above.

7.7 No purchase by the Issuer

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

7.8 Cancellation

All Notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

8 Taxation

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“Taxes”), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent or Registrar (as the case may be) shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor the Registrar shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

9 Prescription

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the relevant date in respect of the relevant payment.

10 Events of Default

10.1 The Trustee in its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes outstanding or, if so directed by or pursuant to an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding shall (subject to the Trustee being indemnified to its satisfaction) give notice (an “Acceleration Notice”) to the Issuer declaring the Notes to be due and repayable at any time after the happening of any of the following events (each an “Event of Default”):

- (i) default being made for a period of 10 Business Days in the payment of the principal of or any interest on any Note of the Most Senior Class of Notes then outstanding when and as the same ought to be paid in accordance with these Conditions provided that a deferral of interest in accordance with Condition 5.6 and a failure to make any payment in respect of any shortfall in accordance with Condition 2.3 shall not constitute a default in the payment of such interest for the purposes of this Condition 10; or
- (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or the Trust Deed or the Issuer failing duly to perform or observe any obligation binding on it under the Transaction Documents and, in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no such continuation or notice as hereafter provided will be required) such failure is continuing for a period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, other than for the purposes of such amalgamation, merger or reorganisation as is referred to in paragraph (iv) below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
- (iv) 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 a merger, amalgamation or reorganisation the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding; or
- (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for the appointment of an administrator or liquidator, the filing of documents with the court for administration or the service of a notice of intention to appoint an administrator) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administrator being appointed or the appointment of an administrator takes effect or a receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or, in the sole opinion of the Trustee, any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or, in the sole opinion of the Trustee, any substantial part of the undertaking or assets of the Issuer, or a

distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or, in the sole opinion of the Trustee, any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of its indebtedness,

provided that, in the case of each of the events described in paragraph (ii) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes then outstanding.

“Most Senior Class” means, in respect of the Notes, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes or Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes or Class B Notes or Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes or Class B Notes or Class C Notes or Class D Notes or Class E Notes then outstanding, the Class F Notes or, if there are no Class A Notes or Class B Notes or Class C Notes or Class D Notes or Class E Notes or Class F Notes then outstanding, the Class R Notes. For the avoidance of doubt, the Class X Notes shall at no time constitute the Most Senior Class.

10.2 General

Upon the service of an Acceleration Notice by the Trustee in accordance with Condition 10.1 above, all classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed. The Issuer Security constituted by the Deed of Charge will become enforceable upon the occurrence of an Event of Default.

11 Enforcement of Notes

The Trustee may, at any time, at its discretion and without notice, take such proceedings against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes or the Trust Deed (including these Conditions) or the Deed of Charge or any of the other Transaction Documents to which it is a party and, at any time after the occurrence of an Event of Default, the Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the security constituted by the Deed of Charge, but the Trustee shall not be bound to take any such proceedings or steps unless:

- (i) (subject in all cases to restrictions contained in the Trust Deed or, as the case may be, the Deed of Charge to protect the interests of any higher ranking class or classes of Noteholders) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or so requested in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and
- (ii) in all cases, it shall have been indemnified to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

12 Meetings of Noteholders, Modification and Waiver

12.1 The Trust Deed and the Deed of Charge contain provisions for convening meetings of the Noteholders of each class 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.

12.2 An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on the Class X Noteholder, Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class R Noteholders

irrespective of the effect upon them, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class X Noteholder, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class R Noteholders or it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class R Noteholders and by a Class X Consent Notice (as defined below).

- 12.3** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 12.2 above) passed at any meeting of the Class B Noteholders shall not be effective for any purpose unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders or it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.
- 12.4** An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and the Class X Noteholder irrespective of the effect upon them, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and the Class X Noteholder or it shall have been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class R Noteholders and by a Class X Consent Notice.
- 12.5** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 12.2 or Condition 12.4 above) passed at any meeting of the Class C Noteholders shall not be effective for any purpose unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders.
- 12.6** An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and the Class X Noteholder irrespective of the effect upon them, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and the Class X Noteholder or it shall have been sanctioned by an Extraordinary Resolution of each of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class R Noteholders and by a Class X Consent Notice.
- 12.7** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 12.2 or Condition 12.4 or Condition 12.6 above) passed at any meeting of the Class D Noteholders shall not be effective for any purpose unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders.
- 12.8** An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and the Class X Noteholder irrespective of the effect upon them, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class E Noteholders, the Class F Noteholders, the Class R Noteholders and the Class X Noteholder or it shall have been sanctioned by an Extraordinary Resolution of each of the Class E Noteholders, the Class F Noteholders and the Class R Noteholders and by a Class X Consent Notice.

- 12.9** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 12.2 or Condition 12.4 or Condition 12.6 or Condition 12.8 above) passed at any meeting of the Class E Noteholders shall not be effective for any purpose unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.
- 12.10** An Extraordinary Resolution passed at any meeting of the Class E Noteholders shall be binding on the Class F Noteholders, the Class R Noteholders and the Class X Noteholder irrespective of the effect upon them, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class F Noteholders, the Class R Noteholders and the Class X Noteholder or it shall have been sanctioned by an Extraordinary Resolution of each of the Class F Noteholders and the Class R Noteholders and by a Class X Consent Notice.
- 12.11** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 12.2 or Condition 12.4 or Condition 12.6 or Condition 12.8 or Condition 12.10 above) passed at any meeting of the Class F Noteholders shall not be effective for any purpose unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders or it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.
- 12.12** An Extraordinary Resolution passed at any meeting of the Class F Noteholders shall be binding on the Class R Noteholders and the Class X Noteholder irrespective of the effect upon them, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class R Noteholders and the Class X Noteholder or it shall have been sanctioned by an Extraordinary Resolution of the Class R Noteholders and by a Class X Consent Notice.
- 12.13** An Extraordinary Resolution (passed at any meeting of the Class R Noteholders shall be binding on the Class X Noteholder irrespective of the effect upon it, except that 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, as the case may be, the Deed of Charge will not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class X Noteholder or it shall have been sanctioned by a Class X Consent Notice.
- 12.14** An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 12.2 or Condition 12.4 or Condition 12.6 or Condition 12.8 or Condition 12.10 or Condition 12.12 above) passed at any meeting of the Class R Noteholders shall not be effective for any purpose unless the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders or

it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.

- 12.15** Subject as provided below, the quorum at any meeting of Noteholders of any class for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such class of Notes, or, at any adjourned meeting, one or more persons holding or representing Notes of the relevant class, whatever the aggregate Principal Amount Outstanding of the Notes of such class held or represented by it or them. The Class X Noteholder has no power to pass an Extraordinary Resolution but shall instead have the power to give a Class X Consent Notice to the Trustee.
- 12.16** The quorum at any meeting of Noteholders of any class for passing an Extraordinary Resolution to sanction a modification which would have the effect of postponing any day for payment of principal or interest in respect of such Notes, increasing, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes, altering the currency of payment of such Notes, altering the quorum or majority required in relation to this exception, altering the order of payment provided for in the Priority of Payments (subject to the terms of the Cash Management Agreement and/or the Deed of Charge, as applicable) or altering this definition (each a “Basic Terms Modification”) shall be one or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of such class.
- 12.17** The Trustee may agree without the consent of the Noteholders or, in respect of (ii) below, any other Secured Creditors:
- (i) to any modification (including any Basic Terms Modification), or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders of any class; or
 - (ii) to any modification (including any Basic Terms Modification) which, in the opinion of the Trustee, is to correct a manifest or proven error or is of a formal, minor or technical nature.
- 12.18** The Trustee may also, without the consent of the Noteholders, determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such provided that, in its opinion, such determination is not materially prejudicial to the interests of the Noteholders of any class.
- 12.19** 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 as soon as practicable thereafter in accordance with Condition 15.
- 12.20** In connection with any such substitution of principal debtor referred to in Condition 7.5, the Trustee may also agree, without the consent of the Noteholders, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.
- 12.21** 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 in respect of a particular class of Notes, among other things, including determining that such exercise or performance will not be materially prejudicial to the interests of the Noteholders, a confirmation from the Rating Agencies (if available) that the then current ratings of such class of Notes would not be adversely affected by such exercise or performance and, if the original rating of such class of Notes has been downgraded previously, that such exercise or performance would not prevent the restoration of the original ratings.
- 12.22** Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the 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 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, from the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

“Class X Consent Notice” means a notice in writing given by the Class X Noteholder to the Trustee to sanction an Extraordinary Resolution of any other class of Noteholders.

13 Indemnification and Exoneration of the Trustee

The Trust Deed and the Deed of Charge contain 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 action or enforcing the Issuer Security constituted by the Deed of Charge unless indemnified to its satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14 Replacement of Notes

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent (in respect of the Rated Notes) or the Registrar (in respect of the Class R Notes). Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

15 Notice to Noteholders

Any notice to a holder of a Class R Note will be valid if mailed to the holder at the address in the Register and will be deemed to have been given on the fourth weekday after the date of mailing, provided that, if at any time by reason of the suspension or curtailment (or expected suspension or curtailment) of postal services within Luxembourg or elsewhere the Issuer is unable effectively to give notice to a holder of the Class R Note through the post, notices to a holder of the Class R Note will be valid if given in the same manner as notices to the holders of the Rated Notes set out below.

For so long as the Rated Notes are represented by Global Notes and such Global Notes are held on behalf of Clearstream, Luxembourg and Euroclear, any notice shall be deemed to have been duly given to the relevant Noteholders if sent to Clearstream, Luxembourg and Euroclear and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Rated Notes are listed on the Irish Stock Exchange and the rules of that exchange so require) shall also be published in a daily newspaper published in Dublin (which is expected to be *The Irish Times*).

For so long as the Rated Notes are listed on the Irish Stock Exchange, the Issuer shall give a copy of each notice in accordance with this Condition 15 to the Irish Stock Exchange.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders 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 relevant 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 Governing Law

- 16.1** The Trust Deed, the Global Notes and these Conditions are governed by, and shall be construed in accordance with, English law.
- 16.2** The provisions of Articles 86 to 94.8 of the Luxembourg law of 10 August 1915 (as amended) on commercial companies are excluded.

17 Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TAXATION

General

Purchasers of Notes may be required to pay stamp taxes and other charges, in accordance with the laws and practices of the country of purchase, in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority.

The following does not purport to be a comprehensive description of all tax considerations that may be relevant in relation to purchasing, owning or selling a Note.

Luxembourg Taxation

The following statements regarding Luxembourg taxation are based on laws in force in the Grand Duchy of Luxembourg as of 26 April 2005 and are subject to any changes in law occurring after such date.

The Issuer has been advised that, under the existing laws of Luxembourg:

- (i) under Luxembourg tax law currently in effect and with the possible exception of interest paid to an individual, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) made by the Issuer. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals, upon repayment of principal in case of (where applicable) reimbursement, redemption, repurchase or exchange of the Notes;
- (ii) under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive") and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another member state, unless the beneficiary of the interest payments opts for the procedure of exchange of information or for the tax certificate procedure. The same regime applies to payments to individuals resident in certain EU dependent territories. The withholding tax rate is initially 15 per cent., increasing steadily to 20 per cent. and to 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries;
- (iii) a 10 per cent. withholding tax has been introduced, as from 1 January 2006, on interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents;
- (iv) a holder of a Note who derives income from a Note or who realises a gain on the disposal or redemption of a Note will not be subject to Luxembourg taxation on income or capital gains unless:
 - (a) the holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or
 - (b) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (v) Luxembourg net worth tax will not be levied on a holder of a Note unless:
 - (a) the holder is, or is deemed to be, a company resident in Luxembourg for the purpose of the relevant provisions; or
 - (b) such Note is attributable to an enterprise or part thereof which is carried on through a Luxembourg permanent establishment of a non-resident company;
- (vi) Luxembourg gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder unless:
 - (a) the holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions at the time of the transfer; or
 - (b) the gift is registered in Luxembourg;

- (vii) there is no Luxembourg registration tax, capital tax, stamp duty or any other similar tax or duty payable in Luxembourg in respect of or in connection with the issue of the Notes or in respect of the payment of principal or interest under the Notes or the transfer of the Notes. If any documents in respect of the Notes are required to be registered in Luxembourg, they will be subject to registration duties depending on the nature of the documents;
- (viii) there is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of a Note; and
- (ix) a holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Notes.

French Taxation Relating to the FCC Notes

Pursuant to Article 125 A III of the French *Code Général des impôts*, a 16 per cent. withholding tax is levied on interest payments made by a French debtor to a non French tax resident.

However, Article 131 quarter of the French *Code Général des impôts* (as amended by the 2006 Finance Act) provides for a withholding tax exemption with respect to interest payments deriving from loans (and obligations) contracted from abroad by an FCC. Notes denominated in euros are deemed to be issued outside France (Administrative circular dated 30 September 1998).

All payments in respect of the FCC Notes to the Issuer are therefore made without withholding or deduction for or account of French tax provided that the aforementioned conditions are satisfied.

An FCC Noteholder is not subject to French income taxes (other than withholding taxes) in respect of any payments under the FCC Notes, provided that such holder is neither domiciled in the Republic of France nor deemed to be resident, established or carrying on an activity in the Republic of France for French tax purposes.

For non-resident FCC Noteholders, interest from the FCC Notes is exempted from French withholding tax provided the FCC Noteholders prove they have their tax residence or registered office in a country other than France (Article 125AIII of the French *Code général des impôts*).

Portuguese Taxation Relating to the SAGRES Notes

The reference to “interest” and “capital gains” in the paragraphs below mean “interest” and “capital gains” as understood in Portuguese tax law. The statements below do not take any account of any different definitions of “interest” or “capital gains” which may prevail under any other law or which may be created by the Conditions or any related documentation.

The present SAGRES transaction qualifies as a securitisation transaction (*operação de titularização de créditos*) for the purposes of the Portuguese Securitisation Law. Portuguese tax-related issues for transactions which qualify as securitisation transactions under the Portuguese Securitisation Law generally are governed by Decree-Law number 219/2001 of 4 August 2001 as amended by Law 109-B/2001 of 27 December 2001 and by Decree-Law 303/2003 of 5 December 2003.

SAGRES Noteholder Income Tax

Income generated by the holding (distributions) or transfer (capital gains) of the SAGRES Notes is generally subject to the Portuguese tax regime for debt securities (*obrigações*). Any payments of interest made in respect of the SAGRES Notes to SAGRES Noteholders who are not Portuguese residents and do not have a permanent establishment in Portugal to which the income might be attributable will be exempt from Portuguese taxation. The exemption from income tax liability does not apply to non-resident companies if: (i) more than 25 per cent. of the company’s share capital is held, either directly or indirectly, by Portuguese residents or (ii) the company’s country of residence is any of the jurisdictions referred to in Regulation 150/2004 of 13 February 2004. If the above exemption does not apply, interest payments on the SAGRES Notes made to non-resident companies are subject to withholding tax at the current definitive rate of 20 per cent., which may be reduced under the provisions of any applicable treaties relating to the avoidance of double taxation.

Under current Portuguese law, interest payments in respect of the SAGRES Notes made to Portuguese tax resident companies are subject to withholding tax for corporate income tax purposes at the current rate of 20 per cent. on account of the final tax bill. Interest payments on the SAGRES Notes to Portuguese tax resident individuals are subject to withholding tax for personal income tax

purposes at the current definitive rate of 20 per cent., unless an option is made for the inclusion of such income within the individual's global taxable income in which case the withholding tax will be treated as a payment on account of the final tax bill.

As referred to above, capital gains obtained by non-resident companies on the transfer of the SAGRES Notes are exempt from corporate income tax unless the above mentioned exemption does not apply. In such cases, capital gains are subject to the current definitive rate of 25 per cent. Capital gains obtained by non-resident individuals on the transfer of the SAGRES Notes are excluded from taxation for personal income tax purposes.

Capital gains obtained by Portuguese tax resident companies with the transfer of the SAGRES Notes are subject to corporate income tax in general terms, currently at a rate of 25 per cent. to which is added, in most municipalities, the maximum 10 per cent. municipal surcharge (*derrama*) upon the tax payable resulting in a combined rate of 27.5 per cent. Capital gains obtained by Portuguese tax resident individuals with the transfer of the SAGRES Notes are excluded from taxation for personal income tax purposes.

Non-resident SAGRES Noteholders eligible for the withholding tax exemption applicable to interest derived from the SAGRES Notes will have to provide SAGRES, or any entity making payments of interest in respect of the SAGRES Notes on behalf of SAGRES, with a certificate of residence or with an equivalent document issued by their respective tax authorities. The certificate of residence or equivalent document must be an original or a certified copy and it cannot be dated more than 3 years prior to the withholding tax obligation nor dated 3 months after such date. Should the certificate be valid for a period of time shorter than 3 years and should it contain a year of reference, then it will be valid for that same year and for the following year (should the latter coincide with the year of issuance of the certificate). The certificate of residence or equivalent document must be provided to SAGRES, or any entity making payments in respect of interest under the SAGRES Notes on behalf of SAGRES, before the obligation to apply the withholding tax obligation on the interest.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), 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 the beneficiary of the interest payments elects for an exchange of information) 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.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, HBOS Treasury Services plc and Lloyds TSB Bank plc, each c/o Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (together, the “Managers”) have agreed, pursuant to a subscription agreement dated on or about 25 July 2006 (the “Subscription Agreement”), among the Managers, the Sellers and the Issuer, jointly and severally, subject to certain conditions, with the Issuer to subscribe or procure subscription for the Class A Notes at 100 per cent. of the initial principal amount of such Notes and Citigroup Global Markets Limited has agreed, subject to certain conditions, to subscribe and pay for the Class X Notes at 100 per cent. of the initial principal amount of such Notes, the Class B Notes at 100 per cent. of the initial principal amount of such Notes, the Class C Notes at 100 per cent. of the initial principal amount of such Notes, the Class D Notes at 100 per cent. of the initial principal amount of such Notes, the Class E Notes at 100 per cent. of the initial principal amount of such Notes and the Class F Notes at 100 per cent. of the initial principal amount of such Notes.

Each Seller has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. Each of the Issuer, acting on behalf of its Compartment 1, and each Seller has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Rated Notes.

Citibank International plc has agreed, under the Subscription Agreement, to purchase the Class X Notes at 100 per cent. of the initial principal amount of the Class X Notes and the Class R Notes at 100 per cent. of the initial principal amount of the Class R Notes.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) 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. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Issue Date (for the purposes only of this section, the “Distribution Compliance Period”) within the United States or to, or for the account or benefit of, U.S. Persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, until 40 days after the later of the date of the commencement of the offering of the Notes and the Issue Date, 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 and regulations thereunder.

United Kingdom

Each of the Managers has represented and agreed that:

- (i) 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
- (ii) 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 Managers have represented, warranted and undertaken that:

- (i) in respect of anything done by them in relation to the Notes or operating in, or otherwise involving Ireland, they will not underwrite or place Notes otherwise than in conformity with the provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland, as amended, and, in the case of a Manager acting under and within the terms of an authorisation for the purpose 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 or, in the case of a Manager exercising its rights under the Banking Consolidation Directive (2000/12/EC of 20 March 2000) in conformity with the codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended;
- (ii) in connection with offers or sales of Notes, they have only issued or passed on, and will only issue or pass on, in Ireland, any document received by them in connection with the issue of such Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on; and
- (iii) 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 (the “2005 Act”)) of Notes in Ireland, they have complied and will comply with Section 49 of the 2005 Act.

Belgium

The offering of the Notes does not constitute a public offering in Belgium. The offering has not been and will not be notified to, and this document or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*). Any representation to the contrary is unlawful.

The Managers have undertaken (a) not to offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 16 June 2006 relating to public offers of financial instruments and to admissions of financial instruments to listing on regulated markets; or (b) not to sell Notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian law of 14 July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

Any action contrary to these restrictions will cause the recipient and the Issuer to be in violation of the Belgian securities laws.

Republic of France

Each of the Managers has represented and agreed that, in connection with the initial distribution of the Notes, (i) it has not offered or sold or caused to be offered or sold and will not offer or sell or cause to be offered or sold, directly or indirectly, any Notes to the public (*appel public à l'épargne*) in the Republic of France and (ii) offers and sales of Notes in the Republic of France will be made to qualified investors (*investisseurs qualifiés*), to the exclusion of any individual, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French Monetary and Financial Code.

This Prospectus has not been admitted to the clearance procedures of the *Autorité des marchés financiers*.

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 the Republic of France, this Prospectus or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in the Republic of France may be made as described above.

Germany

The Managers have agreed not to offer or sell Notes in the federal Republic of Germany other than in compliance with the Securities Prospectus Act (*Wertpapierprospektgesetz*) as of 22 June 2005, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of Securities.

Portugal

This Prospectus has not been nor will be subject to the approval of the Portuguese Securities Market Commission . Each Manager has represented, warranted and agreed, and each further Manager appointed will be required to represent, warrant and agree that it has not offered or sold, and it will not offer or sell any Notes in Portugal or to residents of Portugal otherwise than in accordance with applicable Portuguese Law.

No action has been nor will be taken that would permit a public offering of any of the Notes in Portugal. Accordingly, no Notes may be offered, sold or delivered except in circumstances that will result in compliance with any applicable laws and regulations. In particular, each Manager has represented, warranted and agreed that (i) no offer has been addressed to more than 100 (non-qualified) Portuguese investors and (ii) no offer has been preceded or followed by promotion or solicitation to unidentified investors, or followed by publication of any promotional material. The offer of the Notes is intended for Qualified Investors. “Qualified Investors” within the meaning of Article 30 of the Securities Code (*Código dos Valores Mobiliários*) includes credit institutions, investment firms, insurance companies, collective investment institutions and their respective managing companies, pension funds and their respective pension fund-managing companies, other authorised or regulated financial institutions, notably securitisation funds and their respective management companies, all other financial companies, securitisation companies, venture capital companies, venture capital funds and their respective management companies, financial institutions incorporated in a state that is not a member state of the EU that carry out activities similar to those previously mentioned, entities trading in financial instruments related to commodities and regional and national governments, central banks and public bodies that manage debt, supranational or international institutions, namely the European Central Bank, the European Investment Bank, the International Monetary Fund and the World Bank.

Sweden

This Prospectus is for the recipient only and may not in any way be forwarded to any other person or to the public in Sweden. This Prospectus has not been nor will it be registered with the Swedish Financial Supervisory Authority pursuant to the Swedish Financial Instruments Trading Act (1991: 980, as amended). Accordingly, this Prospectus may not be made available, nor may Notes otherwise be marketed and offered for sale in Sweden, other than in circumstances which are deemed not to be an offer to the public in Sweden under the Swedish Financial Instruments Trading Act (1991: 980, as amended).

General

Other than the approval by the IFSRA of this document as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each Manager has undertaken that it will not, directly or indirectly, offer or sell any Rated Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Rated Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Rated Notes by it will be made on the same terms.

Each Manager has also agreed that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase or sale by it of the Rated Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will, to the best of its knowledge and belief, comply with all such laws and regulations.

Investor Compliance

Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Rated Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Rated Notes, in all cases at their own expense.

GENERAL INFORMATION

- (1) The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 24 July 2006.
- (2) It is expected that listing of the Rated Notes on the Official List of the Irish Stock Exchange will be granted on or about 25 July 2006, subject only to the issue of the Global Notes. Prior to official listing, however, dealings in the Rated Notes will be permitted in accordance with the rules of the Irish Stock Exchange. This listing will be cancelled if the Global Notes and the Class R Notes are not issued. The estimated cost of the application for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €6,000.
- (3) Euroclear and Clearstream, Luxembourg have accepted the Rated Notes for clearance under the following securities codes:

	ISIN	Common Code
Class A Notes	XS0260127161	026012716
Class X Notes	XS0260128052	026012805
Class B Notes	XS0260129373	026012937
Class C Notes	XS0260130207	026013020
Class D Notes	XS0260130975	026013097
Class E Notes	XS0260132088	026013208
Class F Notes	XS0261059272	026105927

- (4) The financial year end of the Issuer is 31 December 2006. The first audited accounts of the Issuer will be prepared for the period ended 31 December 2006.
- (5) The Issuer is not nor has it been involved in any legal, governmental or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
- (6) In relation to this transaction the Issuer has entered into the Subscription Agreement referred to under "*Subscription and Sale*" above which is or may be material.
- (7) Since 20 June 2006 (being the date of incorporation of the Issuer) there has been (i) no significant change in the financial or trading position of the Issuer and (ii) no material adverse change in the financial position or prospects of the Issuer.
- (8) Copies of the following documents may be physically inspected during usual business hours at the registered office of the Issuer and at the offices of the Irish Paying Agent for the duration of the life of the Notes:
 - (i) the articles of incorporation of the Issuer;
 - (ii) the contract referred to in paragraph 6 above;
 - (iii) the valuation reports in respect of each Loan prepared by the valuers referred to in paragraph 9 below;
 - (iv) drafts (subject to modification) of the following documents:
 - (a) the Trust Deed;
 - (b) the Agency Agreement;
 - (c) the Deed of Charge;
 - (d) the Swap Agreement (including the confirmations thereunder);
 - (e) the Issuer Bank Agreement;
 - (f) the Liquidity Facility Agreement;
 - (g) the Corporate Services Agreement;
 - (h) the Mortgage Sale Agreements;
 - (i) the Servicing Agreements;
 - (j) the Cash Management Agreement;
 - (k) the Master Definitions Schedule; and
 - (l) the Registrar Agreement.

- (9) Each of CB Richard Ellis, DTZ Debenham Tie Leung, Colliers CRE, Cushman & Wakefield Healey & Baker, Savills and Jones Lang LaSalle has given and not withdrawn its written consent to the issue of this Prospectus with the inclusion of certain information supplied by each of them and references to each of their views, opinions and names in the form and context in which they are included and has authorised the content of that part of the Prospectus for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended). Each of CB Richard Ellis, DTZ Debenham Tie Leung, Colliers CRE, Cushman & Wakefield Healey & Baker, Savills and Jones Lang LaSalle has no material interest in the Issuer or any of the Borrowers. The information supplied by each of them in this Prospectus has been accurately reproduced and, so far as the Issuer is aware and is able to ascertain from information provided by each of CB Richard Ellis, DTZ Debenham Tie Leung, Colliers CRE, Cushman & Wakefield Healey & Baker, Savills and Jones Lang LaSalle no facts have been omitted which would render the information included in this Prospectus inaccurate or misleading.

Appendix 1

INDEX OF DEFINED TERMS

Acceleration Notice . . . . .	.241	Citigroup	83
Acquisition . . . . .	.124	Class A Noteholders . . . . .	.223
Additional Debt . . . . .	.201	Class A Notes	1, 221
Additional Fees . . . . .	.191	Class A Principal Deficiency Ledger	35
Administrative Cost Factor	30, 230	Class B Noteholders . . . . .	.223
Administrative Cost Rate	30, 230	Class B Notes	1, 221
Administrative Costs	30, 230	Class B Principal Deficiency Ledger	35
Administrative Fees	30, 230	Class B Residual Amount . . . . .	.231
Affected Belgian Nibelung Properties	65, 126	Class C Noteholders . . . . .	.223
Agency Agreement	173, 221	Class C Notes	1, 221
Agent Bank . . . . .	.221	Class C Principal Deficiency Ledger	35
Appraisal Reduction . . . . .	.165	Class C Residual Amount . . . . .	.232
Appraisal Reduction Amount . . . . .	.165	Class D Noteholders . . . . .	.223
Appraisal Reduction Percentage . . . . .	.165	Class D Notes	1, 221
Appraisal Valuation . . . . .	.202	Class D Principal Deficiency Ledger	35
Appraisal Value . . . . .	.165	Class D Residual Amount . . . . .	.232
Available Redemption Funds . . . . .	.192	Class E Noteholders . . . . .	.223
Basic Terms Modification . . . . .	.245	Class E Notes	1, 221
Basis Swap Transaction . . . . .	.167	Class E Principal Deficiency Ledger	35
Bastuban Borrower . . . . .	.137	Class E Residual Amount . . . . .	.232
Bastuban Investor	11	Class F Noteholders . . . . .	.223
Bastuban Loan . . . . .	.136	Class F Notes	1, 221
Bastuban Parent . . . . .	.137	Class F Principal Deficiency Ledger	35
Bastuban Property . . . . .	.137	Class F Residual Amount . . . . .	.232
Bastuban Whole Loan . . . . .	.136	Class R Interest Amount	29, 229
Belgian Loan	9	Class R Noteholders . . . . .	.223
Belgian Nibelung Property . . . . .	.126	Class R Notes	1
Belgian Pledge of Receivables . . . . .	.185	Class R Residual Amount . . . . .	.232
Belgian Property . . . . .	.184	Class X Consent Notice	45
Borrower	9	Class X Interest Amount	31, 231
Borrower Account Bank . . . . .	.190	Class X Interest Rate	29, 229
Borrower Accounts . . . . .	.190	Class X Noteholder . . . . .	.223
Break Costs	96	Class X Notes	1, 221
Broombridge . . . . .	.123	Class X Principal Account	6, 170
Business Day	31, 235	Class X Weighted Average Strip Rate	29, 230
Calculation Period	20	Clearstream, Luxembourg . . . . .	.222
Call Reports	83	CMSA	34, 213
Cash Management Agreement . . . . .	.168	CMSA Investor Reporting Package	34, 213
Cash Management Services . . . . .	.212	CMVM	12, 154
Cash Manager	18	Collection Period	29, 230
Cash Report	34	Collections	14, 190
Challenging	65, 123	Commission	43
CIP	82	Common Depositary . . . . .	.222
Citibank	83	Compartment	5

Comptroller	83	Elancourt Mortgage Sale Agreement	7
Conditions	1, 221	Elancourt Post-Material Event of Default	
Controlling Class Representative	206	Principal Priority of Payments	153
Controlling Creditor	206	Elancourt Post-Material Event of Default	
Corporate Services Agreement	19, 172	Priority of Payments	152
Corporate Services Provider	19	Elancourt Post-Material Event of Default	
CPR	219	Revenue Priority of Payments	152
Credit Agreement	1	Elancourt Pre-Material Event of Default	
Currency Swap Transaction	167	Principal Priority of Payments	151
Cut-Off Date	9, 20	Elancourt Pre-Material Event of Default	
Cut-Off Date Balance	9	Priority of Payments	151
DB Lender	10, 99, 210	Elancourt Pre-Material Event of Default	
DB Loan	210	Revenue Priority of Payments	151
Deed of Charge	33, 171, 221	Elancourt Property	120
Deemed Principal Receipts	192	Elancourt Property Company	120
Definitive Notes	222	Elancourt Property Investor	120
Degi – Entrecampos Borrower	140	Elancourt Property Manager	121
Degi – Entrecampos Loan	139	Elancourt Sale and Purchase Agreement	120
Degi – Entrecampos Property	140	Elancourt Subordination Agreement	120
Degi – Expo Tower Borrower	143	Elancourt Units	7
Degi – Expo Tower Loan	142	Eligible Bank	190
Degi – Expo Tower Property	143	Eligible Investments	169
Determination Date	20, 191, 230	ERV	22, 86
Direct Loan	5	EUR	3
Direct Loan Intercreditor Agreement	21, 210	EURIBOR	1
Direct Loan Junior Lender	209, 210	Euroclear	222
Direct Loan Pool	5	Europahuset	137
Direct Loan Pool Security	5	Euros	3
Direct Loan Related Security	5	Event of Default	241
Direct Loan Residual Consideration	97	Excess Class D Interest Amount	31, 233
Direct Loan Servicing Agreement	12, 200	Excess Class E Interest Amount	31, 233
Direct Mortgage Sale Agreements	5	Excess Class F Interest Amount	31, 233
Distribution Compliance Period	251	Excess Interest Amounts	31, 233
DSCR	86	Excess Swap Collateral	192
Dutch Pledge of Insurance Receivables	175	Expected Maturity Date	28
Dutch Share Pledge	174	Expenses Account	6, 169
Elancourt Borrower	120	Expenses Account Required Amount	169
Elancourt Compartment	6	Extraordinary Resolution	46
Elancourt Compartment Collection		FCC	5
Accounts	13, 190	FCC Account Bank	148
Elancourt Duty of Care Agreement	121	FCC Class A1 Notes	7
Elancourt Inter-company Loan	120	FCC Class A2 Notes	7
Elancourt Lender	120	FCC Class B1 Noteholder	53
Elancourt Liquidity Facility Agreement	36	FCC Class B1 Notes	7
Elancourt Loan	120	FCC Compartment	6
Elancourt Loan Servicing Agreement	12, 200	FCC Compartment Liquidation Event	39
Elancourt Management Agreement	121	FCC Compartment Regulations	6

FCC Custodian	6	German Account Pledge	177
FCC Elancourt Notes	7	German Assignments	177
FCC Junior Notes	7	German Land Charges	176
FCC Liquidity Subordinated Amounts	153	German Lease Receivables Assignment	177
FCC Management Company	6	German Loans	9
FCC Mortgage Sale Agreements	7	German Nibelung Property	126
FCC Note Interest	191	German Property	176
FCC Note Principal	191	German Share Pledge	176
FCC Noteholder Representative	149	Gibraltar Mortgages of Shares	188
FCC Noteholders	7	Givag Management Agreement	117
FCC Noteholders Alternative Representative	150	Global Notes	1
FCC Notes	7	HBR	116
FCC Paying Agent	148	HBR Holder	116
FCC Purchased Notes	6	ICR	86
FCC Related Parties	37	IFSRA	1
FCC Residual Interest	38	Insolvency Regulation	188
FCC Residual Noteholders	7	Insurance Receivables	175
FCC Residual Notes	7	Interest Amounts	231
FCC Selaht Notes	7	Interest Determination Date	229
FCC Senior Notes	7	Interest Payment Date	1, 31, 228
FCC Servicer	36, 148	Interest Period	228
FCC Servicing Agreements	12, 200	Interest Receipts	190
FCC Special Servicer	36, 148	Investor Report	34, 213
FCC Transaction Document	37	Irish Paying Agent	19, 221
Final Maturity Date	1, 28, 235	Irish Stock Exchange	1
Finance Document	24	Issue Date	1, 20, 221
Finance Parties	19	Issuer	1, 18, 221
First Seller	5, 18	Issuer Account Bank	19
Fitch	1	Issuer Accounts	169
Fixed/Floating Swap Transaction	167	Issuer Bank Agreement	169
French Borrowers	67	Issuer Collections	13
French Delegations	180	Issuer Principal Account	13, 190
French Inter-Company Loan	55	Issuer Revenue Account	13, 190
French Loan Residual Consideration	96	Issuer Security	33, 172
French Loan Seller	7	Junior Liabilities	102
French Loan Transfer Deeds	96, 148	KAG	59, 140, 143
French Loans	9	Lead Manager	2
French Pledge Agreements	12, 33	Lease	11
French Property	178	Lender	19
French Property Company	55	Limited Partnership	186
French Property Investor	55	Liquidation Fee	205
FSMA	251	Liquidity Drawings	164
Fund	59	Liquidity Facility	28, 164
Further FCC Class B1 Notes	149	Liquidity Facility Agreement	28, 164
General Meeting	149	Liquidity Facility Provider	14, 19
General Partner	186	Liquidity Requisite Ratings	166
General Regulations	6	Liquidity Stand-by Account	165

Liquidity Stand-by Drawing	165	Noteholders	20, 223
Liquidity Subordinated Amounts	166	Notes	1, 221
Loan	1, 9	OMV	86
Loan Documentation	65	Opening Judgment	181
Loan Event of Default	59	Operating Adviser	18, 209, 227
Loan Hedge Counterparties	24	Other Permitted Notes	226
Loan Hedging Arrangement	24	Other Permitted Transaction Documents	226
Loan Income Deficiency Drawing Amount	165	Paying Agents	221
Loan Interest Payment Date	13, 20, 24	Permanent Global Note	1, 222
Loan Interest Period	20	Permit	64
Loan Maturity Date	24, 50	Permitted Note Issue	227
Loan Pool	9, 18	Permitted Transaction Documents	227
Loan Pool Report	34	Pool Factor	239
Loan Warranties	25	Portfolio	11
Loans	9	Portuguese Loan Seller	8
Loss	35	Portuguese Loans	9
LTV	86	Portuguese Property	187
Lumley	123	Portuguese Securitisation Law	154
Managers	2, 251	Portuguese Securitisation Tax Law	78
Margin	29, 229	Post-Acceleration Priority of Payments	198
Masse	149	Post-Enforcement/Pre-Acceleration Priority of Payments	198
Master Definitions Schedule	173, 221	Pre-Enforcement Principal Priority of Payments	194
Master Servicer	18, 227	Pre-Enforcement Revenue Priority of Payments	193
Master Servicer Cash Reports	34	Prepayment Fees	191
Master Servicer Loan Pool Reports	34, 202	Prepayment Receipts	190
Material Event of Default	151	Presentation Date	234
Minimum Denomination	223	Principal Amount Outstanding	239
Mortgage Sale Agreements	8	Principal Deficiency	231
Most Senior Class	242	Principal Deficiency Ledgers	34
Nawon Borrower	116	Principal Paying Agent	19, 221
Nawon Loan	114	Principal Receipts	192
Nawon Management Agreement	117	Principal Recoveries	190
Nawon Managing Director	116	Priority of Payments	198
Nawon Mezzanine Facility	117	Pro rata Amount	196, 237
Nawon Mezzanine Lender	10, 117	Properties	1, 11
Nawon Parent	116	Property	1, 11
Nawon Property	116	Prospectus	2
Nawon Whole Loan	115	Prospectus Directive	1, 2
Net Mortgage Rate	30, 230	Protection Advance	204
Net Proceeds	32, 225	Prudent Mortgage Lender	160
Nibelung Borrower	125	Purchased Notes	6
Nibelung Freeholder	65	Qualifying Bank	213
Nibelung Loan	124	Rate of Interest	228
Nibelung Management Agreement	126	Rated Notes	1, 221
Note EURIBOR	1		
Note Principal Payment	238		
Note Rate	29, 230		

Rating Agencies	1	Security Agreement	23
Reference Banks	229	SEK	3
Register	227	Selaht Borrower	132
Registrar	19, 221	Selaht Compartment	6
Registrar Agreement	19	Selaht Compartment Collection Accounts	13, 190
Related Security	1	Selaht Hedging Counterparty	133
Relevant Servicer	18	Selaht Initial Owner	132
Relevant Servicer Principal	12, 200	Selaht Inter-group Loan	132
Rent Account	11	Selaht Lender	132
Rent Act	68	Selaht Liquidity Facility Agreement	36
Replacement Swap Premium	192	Selaht Loan	132
Reports	94	Selaht Loan Servicing Agreement	12, 200
Representative Amount	229	Selaht Mortgage Sale Agreement	7
Residual Consideration	159	Selaht Properties	133
Restructuring	133	Selaht Property Companies	133
Restructuring Fee	205	Selaht Property Investor	132
Revenue Funds	191	Selaht Property Management	
Revenue Priority Amount Drawing	164	Agreements	133, 134
Revenue Priority Amounts	164	Selaht Refinancing Loan	132
Revenue Recoveries	190	Selaht Subordination Agreement	132
S&P	1	Selaht Target Company	132
SAGRES	5	Selaht Units	7
SAGRES Acceleration Notice	157	Seller	5, 18
SAGRES Account	41, 190	Senior Expenses Shortfall	192
SAGRES Agent Banks	157	Sequential Amount	196, 237, 238
SAGRES Cash Management Agreement	40	Sequential Payment Trigger	197, 238
SAGRES Cash Manager	40	Servicer Termination Event	206
SAGRES Loan Residual Consideration	96	Servicing Agreements	200
SAGRES Mortgage Sale Agreement	8	Servicing Expenses	204
SAGRES Note Interest	191	Servicing Fee	204
SAGRES Note Principal	191	Servicing Standard	200
SAGRES Noteholder	8	Share Charge	23
SAGRES Notes	8	Shareholder	156
SAGRES Purchased Notes	6	Shares	156
SAGRES Related Parties	40	Shortfall	32, 225
SAGRES Residual Interest	41	Shortfall Loan	165
SAGRES Security Deed	9	Siemens GmbHs	124
SAGRES Servicing Agreement	12, 200	SPE	59
Savings Directive	248, 250	Special Servicer	12, 18, 227
Scheduled Principal Receipts	190	Special Servicing Event	201
Screen Rate	229	Special Servicing Fee	204
SEC	83	Specially Serviced Loan	201
Second Seller	5, 18	Stabilising Manager	3
Secured Creditors	33, 171	STC	155
Securities Act	2, 251	STIBOR	136
Securitisation Law	1, 43, 221	Subordinated Lender	208
Security Agent	11	Subordinated Lender Control Valuation	207

Subordinated Lender Control Valuation	
Event . . . . .	.207
Subordinated Loan	9
Subordination Agreement	23
Subscription Agreement . . . . .	.251
Sunrise Borrower . . . . .	.100
Sunrise Investor	10
Sunrise Loan	99
Sunrise Majority Shareholders . . . . .	.100
Sunrise Management Agreements . . . . .	.102
Sunrise Minority Shareholders . . . . .	.100
Sunrise Parent . . . . .	.100
Sunrise Protection Payments . . . . .	.191
Sunrise Senior Lenders . . . . .	.210
Sunrise Whole Loan	99, 210
Swap Agreement . . . . .	.166
Swap Collateral . . . . .	.192
Swap Counterparty	14, 19
Swap Subordinated Amounts . . . . .	.192
Swap Tax Credit Amount . . . . .	.168
Swap Tax Event . . . . .	.168
Swap Transaction	14
Swedish Account Pledge . . . . .	.186
Swedish Krona	3
Swedish Pledge of Insurance Receivables . . . . .	.186
Swedish Property . . . . .	.186
Swissville	65, 126
Target Company	55
Tax Deduction	96
Tax Payment	96
Taxes . . . . .	.240
Temporary Global Note	1, 222
Tenants	11
Tranched Direct Loan . . . . .	.208
Transaction Documents . . . . .	.225
Trust Deed . . . . .	.26, 170, 221
Trustee	19, 221
Units	7
Valuation	23, 65
Valuation Event . . . . .	.207
Valuation Reduction Amount . . . . .	.207
Valuations	23
VPV	86
Weighted Average Net Mortgage Rate	30, 230
Whole Direct Loan	51, 209
Whole Loan	9
Writebacks191

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Degi-Expo Tower



Degi-Entrecampos



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