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European Property Capital 3 p.l.c.

(incorporated with limited liability in Ireland with registered number 403628)

€311,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2015
€50,000 Class X Commercial Mortgage Backed Variable Rate Note due 2015
€31,800,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2015
€32,100,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2015
€31,312,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2015

European Property Capital 3 p.l.c. (the "**Issuer**") will issue the €311,500,000 Class A Notes (the "**Class A Notes**"), the €50,000 Class X Note (the "**Class X Note**"), the €31,800,000 Class B Notes (the "**Class B Notes**"), the €32,100,000 Class C Notes (the "**Class C Notes**") and the €31,312,000 Class D Notes (the "**Class D Notes**" and, together with the Class A Notes, Class X Note, Class B Notes and the Class C Notes, the "**Notes**").

On issue it is expected that the Notes will be assigned the respective ratings of Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and together with Moody's and Fitch, the "**Rating Agencies**") set forth in the table below. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, downgrade or withdrawal at any time by the assigning rating agency.

Class	Initial Principal Amount	Margin over EURIBOR or Interest Rate[1] [2]	Assumed Final Payment Date[3]	Maturity Date	Rating Fitch/Moody's/S&P
A	€311,500,000	0.24 per cent.	November 2011	May 2015	AAA/Aaa/AAA
X	€50,000	Variable	November 2011	May 2015	AAA/NR/AAA
B	€31,800,000	0.35 per cent.	November 2011	May 2015	AA/Aa2/AA
C	€32,100,000	0.60 per cent.	November 2011	May 2015	A/A2/A
D	€31,312,000	1.05 per cent.	November 2011	May 2015	BBB/Baa3/BBB

(1) All of the Notes, other than the Class X Note, will bear interest by reference to the European Interbank Offered Rate ("**EURIBOR**") for three month euro deposits (or in the case of the first Interest Accrual Period, a rate determined by the linear interpolation of EURIBOR for two and three month euro deposits) plus the margin specified above. The Class X Note will bear interest at a variable rate of interest, which, initially, will be the rates set forth under Condition 5 (*Interest*) under "Terms and Conditions of the Notes" at page 259.

(2) Interest on the Class D Notes is subject on any Payment Date to a maximum amount equal to the lesser of (a) the Interest Amount in respect of the Class D Notes, as calculated pursuant to Condition 5(d) (*Determination of Rates of Interest and Calculation of Interest Amount for Notes*) at page 272 and (b) the amount (the "**Adjusted Interest Amount**") equal to (a) the Revenue Receipts in respect of such Payment Date minus, without duplication, (b) the sum of all amounts payable out of Revenue Receipts on such Payment Date in priority to the payment of interest on such class of Notes. For further information about this feature of the Class D Notes see Summary – Distributions on Notes – Interest Rates on the Class A, B, C and D Notes at page 35.

(3) Determined based upon assumptions that there are no prepayments, no defaults, losses or delinquencies, no acceleration or extension of the maturity of the Loans or the Notes and upon the Modelling Assumptions described in "Estimated Average Lives of the Notes and Assumptions" at page 247.

This document constitutes a prospectus ("**Prospectus**") for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). References throughout this document to this "**Offering Circular**" shall be taken to read "Prospectus" for such purpose. Application has been made to the Irish Financial Services Regulatory Authority (the "**Financial Regulator in Ireland**"), 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 Notes to be admitted to the Official List and to trading on its regulated market.

For a discussion of certain factors that should be considered in connection with an investment in the Notes, see "Risk Factors" at page 62.

THE NOTES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS NOR HAS THE ISSUER BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT. THE NOTES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO 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. IT IS EXPECTED THAT THE NOTES WILL BE OFFERED ONLY TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS S UNDER THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER "**TRANSFER RESTRICTIONS**" HEREIN.

The Issuer will apply the net proceeds of issue of the Notes to purchase, at their principal amounts outstanding as at 16 November 2005 (the "**Cut-Off Date**"), four commercial mortgage loans together with the benefit of the security related to those loans and to enter into a credit default swap transaction pursuant to which it will provide credit protection in respect of another commercial mortgage loan (including funding a deposit in order to collateralise its obligations to make credit protection payments). All of these loans were made by JPMorgan Chase Bank, N.A. acting through its London or Milan branches (the "**Originator**"), pursuant to certain credit agreements and are secured by, among other things, income generating commercial properties situated in the Netherlands, Portugal and Italy.

The Notes and interest accrued on the Notes will not be obligations or responsibilities of any person other than the Issuer.

Interest and (to the extent payable) principal on the Notes will be payable quarterly in arrear in euro on the 22 day of February, May, August and November of each calendar year (commencing on 22 February 2006), subject to adjustment for non-business days as described herein (each a "**Payment Date**").

If any withholding or deduction for or on account of tax is applicable to payments of interest and repayments of principal on the Notes, such payments will be made subject to such withholding or deduction without the Issuer being obliged to pay any additional amounts as a consequence.

The Notes will be deposited with HSBC Bank plc as Common Depositary for the account of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking *société anonyme* ("**Clearstream, Luxembourg**") on or about 20 December 2005 (the "**Closing Date**") against payment therefore in immediately available funds.

Lead Manager

JPMorgan

Co-Manager

BayernLB

The date of this Offering Circular is 14 December 2005

EUROPEAN PROPERTY CAPITAL 3 P.L.C.

RANDSTAD LOAN

K8- office in Amersfoort

K10- office in Prins Alexanderplein, Rotterdam

K19- office in DenHaag

ITALIAN LOAN

Supermarket in via Monti, Milan

Supermarket in Barzago (Lecco)

Supermarket in via Talenti, Rome

ALLIANCE LOAN

Philips office in Eindhoven

KPN office in Groningen

PORTUGUESE LOAN

Algarve Shopping Centre

CPFM LOAN

Whirlpool Distribution Centre

Important Notice

The Notes of each class sold in offshore transactions in reliance on Regulation S under the Securities Act 1933 will be represented by one or more global notes in bearer form for each such class of Notes (each a "**Global Note**" and together, the "**Global Notes**"). The Notes will initially be represented by a temporary global note in bearer form for each class of Notes (each a "**Temporary Global Note**" and together, the "**Temporary Global Notes**"), without interest coupons or talons attached.

On or about the Closing Date, the Temporary Global Notes will be deposited with HSBC Bank plc (the "**Common Depositary**") as Common Depositary for the account of Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Notes will be exchangeable for interests in permanent global notes (each a "**Permanent Global Note**" and together, the "**Permanent Global Notes**") (the Permanent Global Notes being, together with the Temporary Global Notes, the "**Global Notes**"), without interest coupons or talons attached, 40 days after the Closing Date upon customary certification of non-U.S. beneficial ownership, which will also be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg, and their respective participants. Interests in the Permanent Global Notes will be exchangeable for definitive notes (the "**Definitive Notes**") only in the limited circumstances, described in Condition 2 *(Definitive Notes)* at page 261. Definitive Notes will be issued in bearer form in the denomination of €50,000. For further information about the Definitive Notes, see Condition 2 *(Definitive Notes)* at page 261.

The Issuer accepts responsibility for the information contained in this Offering Circular (other than the information described in the following four paragraphs). To the best of the knowledge and belief of the Issuer having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular (other than the information described in the following four paragraphs) is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Originator accepts responsibility for the information contained in the section of this Offering Circular entitled "The Parties - The Originator and its Related Parties – The Originator and the Credit Protection Buyer" at page 92 and "Risk Factors - Factors Relating to the Loans and the Related Security in General" at page 62 solely insofar as such information specifies that the Originator has, will or may take certain steps or undertake certain tasks or that steps taken by the Originator have not revealed particular information or a particular state of affairs (the "**Originator Information**"). To the best of the knowledge and belief of the Originator, having taken all reasonable care to ensure that such is the case, the Originator Information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Servicer accepts responsibility for the information contained in the sections of this Offering Circular entitled "The Parties – The Issuer and its Related Parties – The Servicer" at page 94 and "Servicing" at page 218 insofar as the same relates to it. To the best of the knowledge and belief of the Servicer (having taken all reasonable care to ensure that such is the case) the information contained in the section of this Offering Circular entitled "The Parties – The Issuer and its Related Parties – The Servicer" (insofar as the same relates to it) and "Servicing" is in accordance with the facts and do not omit anything likely to affect the import of such information.

The Special Servicer, accepts responsibility for the information contained in the section of this Offering Circular entitled "The Parties – The Issuer and its Related Parties – The Special Servicer" at page 94 insofar as the same relates to it and "Servicing" at page 218 insofar as the same relates to it. To the best of the knowledge and belief of the Special Servicer (having taken all reasonable care to ensure that such is the case), the information contained in the sections of this Offering Circular entitled "The Parties – The Issuer and its Related Parties – The Special Servicer" and "Servicing" (insofar as the same relates to it) is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Credit Protection Buyer accepts responsibility for the information contained in the section of this Offering Circular entitled "The Parties – The Issuer and its Related Parties – The Originator and the Credit Protection Buyer" at page 92 and "The Credit Default Swap Transaction" at page 206 solely insofar as the same relates to it. To the best of the knowledge and belief of the Credit Protection

Buyer having taken all reasonable care to ensure that such is the case, the information contained in the section of this Offering Circular entitled "The Parties – The Originator and The Credit Protection Buyer" (insofar as the same relates to it) and the Credit Default Swap Transaction is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 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 "Subscription and Sale" at page 310) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This document 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. The distribution of this document or any part hereof and any offering of the Notes in certain jurisdictions may be restricted by law. No action has been taken by the Issuer or any of the Managers other than as set out in the third paragraph on the first page of this document that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any part hereof nor any other offering circular, prospectus, form of application, advertisement or other offering material may be used, distributed for published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Originator, the Managers, the Servicer, the Special Servicer, the Cash Manager, the Note Trustee, the Security Trustee, the Corporate Services Provider, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Credit Protection Buyer, the Collateral Holding Bank, the Operating Bank or the shareholders of the Issuer or any other participant in the transaction. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to its date.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Originator, the Managers, the Security Trustee, the Servicer, the Special Servicer, the Cash Manager, the Note Trustee, the Corporate Services Provider, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Credit Protection Buyer, the Collateral Holding Bank, the Operating Bank or any other participant in the transaction or any of their respective affiliates or shareholders or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

General Notice

Other than the approval by the Financial Regulator in Ireland of this Offering Circular as in accordance with the requirements of the Prospectus Directive and the relevant implementing measures in Ireland, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part hereof constitutes an offer of or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase any of the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this

Offering Circular (or any part hereof) see "Subscription and Sale" at page 310.

Offeree Acknowledgments

Each person receiving this Offering Circular, by acceptance hereof, hereby acknowledges that:

This Offering Circular has been prepared by the Issuer solely for the purpose of offering the Notes described herein. Notwithstanding any investigation that any of the Managers may have made with respect to the information set forth herein, this Offering Circular does not constitute, and shall not be construed as, any representation or warranty by the Managers as to the adequacy or accuracy of the information set forth herein. Delivery of this Offering Circular to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor shall not be entitled to, and must not rely on, this Offering Circular unless it was furnished to such prospective investor directly by the Issuer or any of the Managers.

Neither this document nor any part hereof constitutes an offer of, or an invitation by, or on behalf of the Issuer or the Managers or either of them to subscribe for or to purchase any of the Notes and neither this document nor any part hereof may be used for or in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described herein, and all of the statements and information contained herein are qualified in their entirety by reference to such documents. This Offering Circular contains summaries, which the Issuer believes to be accurate, of certain of these documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which may (on giving reasonable notice) be obtained from the Note Trustee or as the Note Trustee directs.

Each person receiving this offering circular acknowledges that (a) such person has been afforded an opportunity to request and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein, (b) such person has not relied on the Managers or any person affiliated with the Managers in connection with its investigation of the accuracy of such information or its investment decision, (c) no person has been authorised to give any information or to make any representation regarding the notes other than as contained herein, and if given or made, any such other information or representation should not be relied upon as having been authorised, and (d) neither the delivery of this offering circular nor any sale made hereunder will create any implication that the information herein is correct at any time since the date hereof. Each prospective purchaser should consult its own business, legal and tax advisors for investment, legal and tax advice and as to the desirability and consequences of an investment in the Notes.

Forward-Looking Statements

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on prepayment and certain other characteristics of the Loans and reflect significant assumptions and subjective judgements by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as *"may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans"* or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in the United Kingdom, the Netherlands, Italy, Portugal or Ireland. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Managers have not attempted to verify any such statements, nor do they make any representation, express or implied, with respect thereto.

References to Currencies

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

Stabilisation

In connection with this issue, J.P. Morgan Securities Ltd. or any other person acting for it may over-allot Notes (provided that, in the case of Notes to be admitted to trading on a "**Regulated Market**", the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or affect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that J.P. Morgan Securities Ltd. or any of its agents will undertake stabilisation action to do this. Any stabilisation action may begin on or after the date on which public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but must be ended no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of allotment of the Notes.

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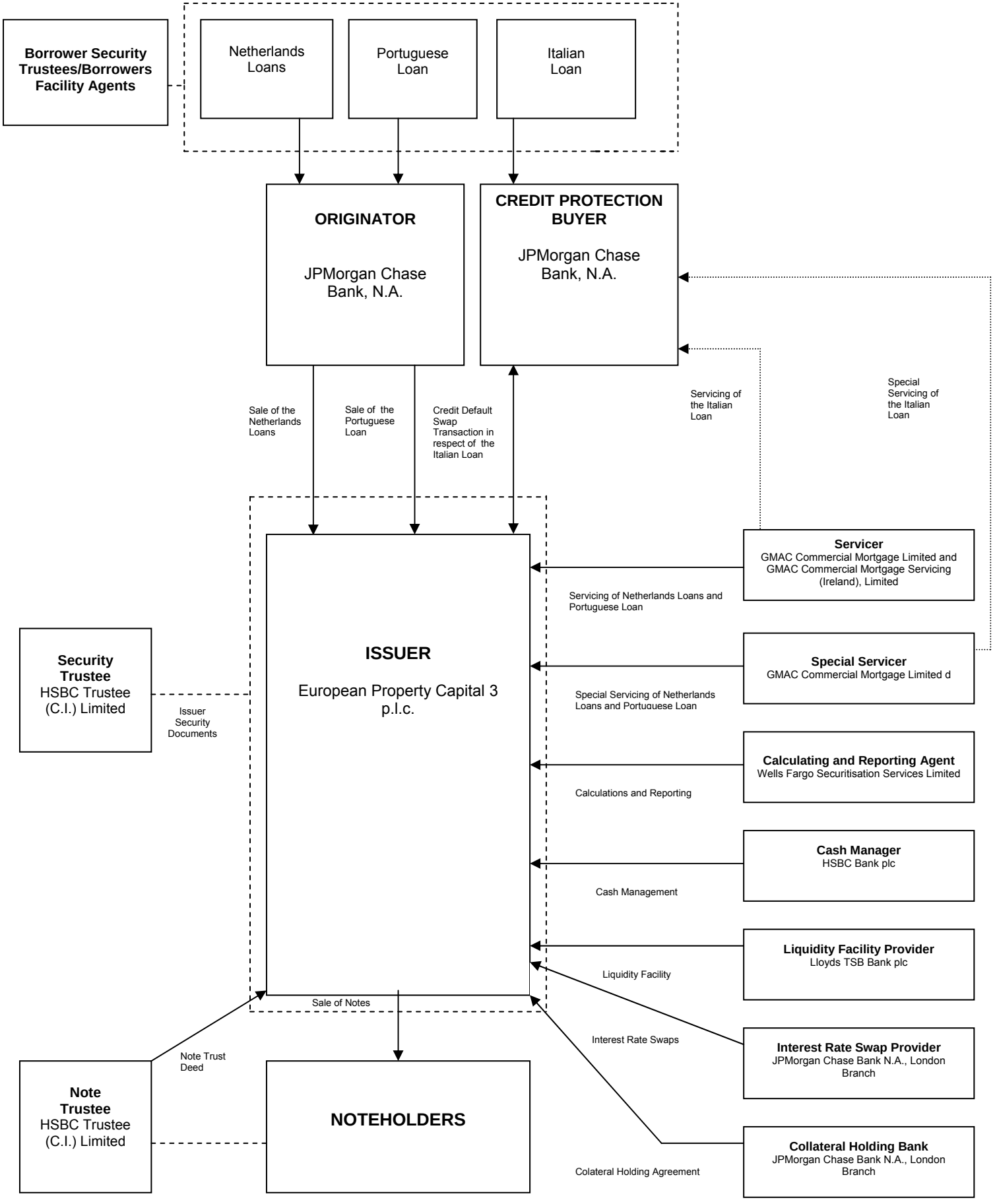
STRUCTURE DIAGRAM



CERTAIN KEY INFORMATION RELATING TO LOAN POOL

Property Portfolio	Number of Properties	Cut-Off Date Principal Balance (€)	Final Maturity Date	Interest Rate (Fixed or Floating)	Cut-Off Date ICR	Cut-Off Date LTV
Alliance Loan	2	84,942,216	15/11/11	Floating	1.74	80.7%
CPFM Loan	1	9,600,000	30/01/09	Floating	2.97	59.3%
Randstad Loan	20	139,880,019	16/08/10	Floating	2.80	74.1%
Portuguese Loan	1	65,072,216[(1)]	15/05/10	Fixed	2.39[(2)]	67.1%[(2)]
Italian Loan	38	107,218,139	14/08/10	Floating	2.21	73.9%
Total / Weighted average	62	406,712,590	10/2010		2.36	74.0%

(1) The balance of the Portuguese Loan as of the Cut-Off Date is €51,894,000 but increased to €65,072,216 prior to the date of the Offering Circular of which €65,072,116 is owed to the Originator and will be transferred to the Issuer and €100 is owed to the Portuguese Security Trustee and will not be transferred to the Issuer. All numerical information in this Offering Circular relating to the Portuguese Loan is, unless the contrary is stated, based on the full loan amount of €65,072,216.

(2) The Cut-Off Date ICR and Cut-Off Date LTV are calculated on the basis that the Cut-Off Date principal balance of the Portuguese Loan is €65,072,216.

SUMMARY

The following information is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offering Circular. Certain terms used in this summary are defined elsewhere in this Offering Circular. A list of the pages on which these terms are defined is found in the "Index of Defined Terms" at the end of this Offering Circular.

Transaction Overview

On the Closing Date, the Issuer will issue the Notes.

The Issuer will then apply the proceeds realised from the issuance of all classes of Notes (other than the Class X Note) primarily:

(a) to purchase from JPMorgan Chase Bank, N.A. (the "**Originator**") by way of an assignment of all of its rights in respect of three loans (the "**Netherlands Loans**") and the benefit of the security interests relating to them, for an amount of €234,114,535 being approximately the aggregate principal amount outstanding of the Netherlands Loans as at the Cut-Off Date, pursuant to a loan sale agreement (the "**Netherlands Loan Sale Agreement**") between the Issuer, the Netherlands Security Trustees and the Originator. Under the Netherlands Loan Sale Agreement the Issuer will also pay the Originator €298,000 to be applied by the Originator to meet certain expenses of the Issuer. To the extent that this amount is not required to pay such expenses the Originator shall be entitled to retain the remainder which shall form part of the initial purchase price. The Netherlands Loans are secured by, among other things, mortgages over 23 income generating commercial properties of various types, located throughout the Netherlands (together the "**Netherlands Properties**"). The Netherlands Loans are individually described in this Offering Circular as the "**Alliance Loan**", the "**CPFM Loan**" and the "**Randstad Loan**";

(b) to purchase from the Originator by way of an assignment of all of its rights in respect of one loan (the "**Portuguese Loan**") and the benefit of the security interests relating to it for an amount of €65,072,116, pursuant to a loan sale agreement (the "**Portuguese Loan Sale Agreement**") between the Issuer, the Portuguese Security Trustee and the Originator. The Portuguese Loan is secured by, among other things, a mortgage over an income generating commercial property which is comprised of a number of units within a shopping centre located in Portugal (the "**Portuguese Property**"); and

(c) to fund a payment to JPMorgan Chase Bank, N.A., London Branch (in such capacity, the "**Collateral Holding Bank**") in an amount of €107,218,139 being the principal amount outstanding of the Italian Loan as at the Cut-Off Date (the "**Credit Default Swap Collateral**") in order to collateralise its obligations to make credit protection payments ("**Credit Protection Payments**") in respect of a credit default swap transaction (the "**Credit Default Swap Transaction**") entered into by it with the Credit Protection Buyer, in order to provide the Credit Protection Buyer with credit protection in respect of one loan (the "**Italian Loan**", and together with the Netherlands Loans and the Portuguese Loan, the "**Loans**" or the "**Loan Pool**", as the case may be). The Italian Loan is secured by, among other things, mortgages over a portfolio of 38 income generating commercial properties which are retail properties used as supermarkets, located throughout Italy (the "**Italian Properties**", and together with the Netherlands Properties and the Portuguese Property, the "**Properties**").

For further information about the sale of the Netherlands Loans and the Portuguese Loan, see "The Loan Sale Process" at page 201. For further information about the Credit Default Swap Transaction, see "The Credit Default Swap Transaction" at page 206.

The Properties are let to one or more tenants and, as such, generate an entitlement to a regular periodic rental income (the "**Rental Income**"). The Rental Income will be used to pay interest on and repay principal of the Loans.

To the extent that the Rental Income generated by the relevant Properties is insufficient to repay the principal of any of the Loans in full on or before the scheduled maturity date of such Loans and the relevant Properties have not been sold by that time, it is anticipated that such repayment will be made through the proceeds of the refinancing of the relevant Properties (the "**Refinancing Proceeds**") or the proceeds of sale of the relevant Properties (the "**Disposal Proceeds**", which term shall be construed in this Offering Circular, where relevant, to include proceeds of the sale of the Properties generated on or before the scheduled maturity date of such Loans).

Payments of interest on and repayments of principal in respect of the Loans will thus be funded from Rental Income, Refinancing Proceeds or Disposal Proceeds, as the case may be. Payments of interest on and repayments of principal in respect of the Loans which will be sold to the Issuer and payments made by the Credit Protection Buyer and the Collateral Holding Bank to the Issuer pursuant to the terms of the Credit Default Swap Transaction are the primary sources from which payments of interest on and repayments of principal in respect of the Notes will, in turn, be made.

For further information about factors which may impact upon the generation of Rental Income, Refinancing Proceeds or Disposal Proceeds, as the case may be, as well as factors which may impact upon the payments by the Originator or the Collateral Holding Bank to the Issuer in relation to the Credit Default Swap Transaction, see "Risk Factors" at page 62.

The Originator and its Related Parties

The Originator

JPMorgan Chase Bank, N.A., acting through its London Branch, or in the case of the Italian Loan, its Milan Branch has originated the Loans.

Each of the Loans were originated by the Originator between May 2003 and July 2005. The terms on which certain of the Loans were made have been amended following their origination.

Each Credit Agreement provides that the Originator may assign its interests thereunder to other entities (the Originator and such other entities, each a "**Lender**" and together the "**Lenders**"). In respect of the Loans sold to the Issuer, the Issuer will, after the Closing Date, be a Lender.

In its capacity as purchaser of credit protection in respect of the Italian Loan under the Credit Default Swap Transaction, the Originator will be referred to in this Offering Circular as the "**Credit Protection Buyer**".

For further information about the Originator and the Credit Protection Buyer, see "The Parties – The Originator and the Credit Protection Buyer" at page 92.

The Netherlands Facility Agent

J.P. Morgan Europe Limited (in such capacity, the "**Netherlands Facility Agent**") is facility agent in respect of the Randstad Loan only.

For further information about the Netherlands Facility Agent, see "The Parties – The Originator and its Related Parties – The Netherlands Facility Agent" at page 92.

No facility agent has been appointed in respect of the CPFM Loan or the Alliance Loan.

The Netherlands Security Trustees	JP Morgan Dutch Real Estate Trustee Company Limited (in its capacity as security trustee of the security granted in relation to the Alliance Loan, the "**Alliance Security Trustee**" and in its separate capacity as security trustee of the security granted in relation to the CPFM Loan, the "**CPFM Security Trustee**") and JP Morgan Dutch Real Estate Trustee Company (No. 2) Limited in its capacity as security trustee of the security granted in relation to the Randstad Loan (the "**Randstad Security Trustee**" and together with the Alliance Security Trustee and the CPFM Security Trustee, the "**Netherlands Security Trustees**"). The Netherlands Security Trustees together act as security trustees in respect of all the Netherlands Loans. In such capacity, the Netherlands Security Trustees will be entitled to enforce the security granted in respect of the respective Netherlands Loans (the "**Netherlands Related Security**"), notwithstanding the sale of the Netherlands Loans to the Issuer, by virtue of a parallel debt owed to them under the terms of the relevant Credit Agreements. For further information about the Netherlands Security Trustees, see "The Parties – The Originator and its Related Parties – The Netherlands Security Trustees" at page 92. For information about the parallel debt arrangements entered into in respect of the Netherlands Loans, see "Certain Matters of Netherlands Law – Parallel Debt Arrangements" at page 189.
The Portuguese Facility Agent	JPMorgan Chase Bank, N.A. (in such capacity, the "**Portuguese Facility Agent**") acts as facility agent in respect of the Portuguese Loan. For further information about the Portuguese Facility Agent, see "The Parties – The Originator and its Related Parties – The Portuguese Facility Agent" at page 93.
The Portuguese Security Trustee	Stamphurst Limited (the "**Portuguese Security Trustee**" and each of the Netherlands Security Trustees and the Portuguese Security Trustee, a "**Loan Security Trustee**") acts as security trustee in respect of the Portuguese Loan. In such capacity, the Portuguese Security Trustee will enforce the security granted in respect of the Portuguese Loan (the "**Portuguese Related Security**"), notwithstanding the sale of the Portuguese Loan to the Issuer, by virtue of a parallel debt owed to it under the terms of the relevant Credit Agreement. For further information about the Portuguese Security Trustee, see "The Parties – The Originator and its Related Parties – The Portuguese Security Trustee" at page 93. For further information about the parallel debt arrangements entered into in respect of the Portuguese Loan, see "Certain Matters of Portuguese Law – Parallel Debt Arrangements" at page 195.
The Italian Facility Agent	J.P. Morgan Securities Ltd. (the "**Italian Facility Agent**" and each of the Netherlands Facility Agent, the Portuguese Facility Agent and the Italian Facility Agent, a "**Loan Facility Agent**").

The Italian Facility Agent acts as facility agent in respect of the Italian Loan. In such capacity, the Italian Facility Agent will, subject to the servicing arrangements, enforce the security granted in respect of the Italian Loan on behalf of the lenders (the "**Italian Related Security**" and together with the Netherlands Related Security and the Portuguese Related Security, the "**Related Security**").

For further information about the Italian Facility Agent, see "The Parties – The Originator and its Related Parties – The Italian Facility Agent" at page 93.

The Originator Related Parties

The Originator and the Credit Protection Buyer, the Netherlands Facility Agent, the Netherlands Security Trustees, the Portuguese Security Trustee, the Portuguese Facility Agent and the Italian Facility Agent are together referred to in this Offering Circular as the "**Originator Related Parties**".

The Issuer and its Related Parties

The Issuer

European Property Capital 3 p.l.c. is a public limited company incorporated under the laws of Ireland as a special purpose vehicle. The activities of the Issuer are restricted to acquiring, owning and administering the Loans, entering into the Credit Default Swap Agreement and the Collateral Holding Agreement, issuing the Notes, and entering into transactions ancillary thereto, in each case as further described in this Offering Circular.

For further information about the Issuer, see "The Parties - The Issuer and its Related Parties – The Issuer" at page 93 and "The Issuer" at page 255.

The Note Trustee

HSBC Trustee (C.I.) Limited (in such capacity, the "**Note Trustee**") will act as trustee for the holders of the Notes pursuant to a note trust deed (the "**Note Trust Deed**") between the Note Trustee, the Security Trustee and the Issuer.

For further information about the Note Trustee, see "The Parties – The Issuer and its Related Parties – The Note Trustee" at page 93. For further information about the Note Trust Deed, see "The Note Trust Deed" at page 246.

The Security Trustee

HSBC Trustee (C.I.) Limited (in such capacity, the "**Security Trustee**").

The Security Trustee will, pursuant to a deed of charge (the "**Deed of Charge**") between, among others, the Security Trustee and the Issuer, act as trustee of the security interests granted by the Issuer (the "**Issuer Security**") for the entities having the benefit of such security (the "**Issuer Secured Creditors**").

For further information about the Security Trustee, see "The Parties – The Issuer and its Related Parties – The Security Trustee" at page 93. For further information about the Issuer Security, see "Summary - Issuer Security" at page 59.

Italian Loan Primary Servicer and Italian Loan Secondary Servicer	The Issuer will act as the primary servicer (in such capacity, the "**Italian Loan Primary Servicer**") for the Originator in respect of the Italian Loan, in relation to the provision of all services prescribed by the Servicing Agreement, save for certain specified services (the "**Italian Loan Excluded Services**"). The Servicer will act as the secondary servicer for the Originator in respect of the Italian Loan (in such capacity the "**Italian Loan Secondary Servicer**") in relation to the provision of the Italian Loan Excluded Services.
The Servicer	GMAC Commercial Mortgage Servicing (Ireland) Limited and GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)) will act jointly (subject as otherwise mentioned in the section of this Offering Circular entitled "Servicing" at page 218) as servicer for the Issuer and, in relation to the Italian Loan, the delegate of the Italian Loan Primary Servicer (in such capacities, collectively, the "**Servicer**"), pursuant to a servicing agreement (the "**Servicing Agreement**") between, among others, the Issuer, the Originator, the Servicer, the Special Servicer and the Security Trustee. Under the terms of the Servicing Agreement, the Servicer and, under certain circumstances, the Special Servicer, will be required to manage the Loans and the Related Security on behalf of the Issuer or the Originator, as the case may be, and to undertake certain other functions prescribed by the Servicing Agreement in relation thereto. For the avoidance of doubt, in relation to the Italian Loan only, the Servicer will, as a delegate of the Italian Loan Primary Servicer, provide all services required under the Servicing Agreement other than the Italian Loan Excluded Services and the Italian Loan Secondary Servicer will, as an appointee of the Originator, provide the Italian Loan Excluded Services. For further information about the Servicer, see "The Parties – The Issuer and its Related Parties – The Servicer and the Special Servicer - The Servicer" at page 94. For further information about the activities of the Servicer, see "Servicing" at page 218.
The Special Servicer	GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)) will act as special servicer (in such capacity, the "**Special Servicer**") and will assume certain responsibilities regarding the management of a Loan and its Related Security in certain circumstances, primarily if the Loan has been the subject of an event of default in accordance with the terms of the related Credit Agreement as more fully described in the section headed "Servicing" below (such a Loan being a "**Specially Serviced Loan**" and such circumstances being a "**Special Servicer Transfer Event**"). As with the Servicer, in relation to the Italian Loan only, the Issuer will act as the primary special servicer for the Originator (in such capacity, the "**Italian Loan Primary Special Servicer**") and will delegate the responsibility for performing its obligations to the Special Servicer. In the event that the Special Servicer acts in relation to a Loan following the occurrence of a Special Servicer Transfer Event, the Special Servicer, rather than the Servicer, will be required to manage that Loan and its Related Security, though the Servicer will continue to

undertake certain other functions in relation to that Loan, as prescribed by the Servicing Agreement.

The Special Servicer may act in relation to any one of the Loans without having to act in relation to other Loans, depending upon the occurrence of a Special Servicer Transfer Event in relation to that Loan.

For further information about the Special Servicer, see "The Parties – The Issuer and its Related Parties – The Servicer and the Special Servicer – The Special Servicer" at page 94. For further information about the activities of the Special Servicer and the Special Servicer Transfer Events, see "Servicing" at page 218.

Operating Adviser

The Controlling Class, being, at any time, a particular class of Noteholders, as described further below, will have the right to appoint and remove an adviser (who may be a member of the Controlling Class) to act for them with respect to the management of the Loans (the "**Operating Adviser**"). The Operating Adviser will, among other things, have the right to be consulted on certain actions with respect to a Loan in the event that that Loan becomes a Specially Serviced Loan. The Operating Adviser will also be entitled to require the Issuer (with the consent of the Note Trustee) or the Note Trustee directly to terminate the appointment of the Special Servicer in relation to a Loan in respect of which the Special Servicer is required to assume servicing responsibility following the occurrence of a Special Servicer Transfer Event and appoint a successor which is acceptable to the Controlling Class, subject to written confirmation from the Rating Agencies then rating the Notes that the then current rating of the Notes will not be downgraded, qualified, suspended or withdrawn as a result of such action being taken.

For further information about the Controlling Class and its rights, including the right to appoint the Operating Adviser, see "Terms and Conditions of the Notes – Condition 18 (*Controlling Class*)" at page 299.

The Principal Paying Agent, the Cash Manager and the Agent Bank

HSBC Bank plc will act as principal paying agent and agent bank (in such capacities, the "**Principal Paying Agent**" and the "**Agent Bank**", respectively) pursuant to an agency agreement (the "**Agency Agreement**") between, among others, the Issuer and the Principal Paying Agent and the Agent Bank and HSBC Bank plc will act as cash manager (in such capacity, the "**Cash Manager**") pursuant to a cash management agreement (the "**Cash Management Agreement**") between the Issuer, the Cash Manager and the Security Trustee.

For further information about the Principal Paying Agent, the Agent Bank and the Cash Manager, see "The Parties – The Issuer and its Related Parties – The Principal Paying Agent, the Cash Manager and the Agent Bank" at page 94.

The Irish Paying Agent

HSBC Institutional Trust Services (Ireland) Limited will act as Irish paying agent (the "**Irish Paying Agent**") pursuant to the Agency Agreement. The Irish Paying Agent together with the

	Principal Paying Agent and any other paying agents that may be appointed by the Issuer pursuant to the Agency Agreement are together referred to in this Offering Circular as the "**Paying Agents**". For further information about the Irish Paying Agent, see "The Parties – The Issuer and its Related Parties – The Irish Paying Agent" at page 94.
The Calculating and Reporting Agent	Wells Fargo Securitisation Services Limited will act as calculating and reporting agent (the "**Calculating and Reporting Agent**") pursuant to the Cash Management Agreement. For further information about the Calculating and Reporting Agent, see "The Parties – The Issuer and its Related Parties – The Calculating and Reporting Agent" at page 94.
The Operating Bank	HSBC Bank plc will act as operating bank for the Issuer (the "**Operating Bank**") pursuant to the Cash Management Agreement. The Issuer will maintain certain bank accounts with the Operating Bank, including the Collection Account which will be used to receive, among other things, payments of interest on and repayments of principal in respect of the Assigned Loans and payments made to it by the Originator and the Collateral Holding Bank in relation to the Credit Default Swap Transaction. For further information about the Operating Bank, see "The Parties – The Issuer and its Related Parties – The Operating Bank" at page 95.
The Collateral Holding Bank	JPMorgan Chase Bank, N.A., London Branch in its capacity as Collateral Holding Bank, will hold the Credit Default Swap Collateral for the Issuer in an account (the "**Collateral Holding Account**") pursuant to a collateral holding agreement between the Issuer, the Collateral Holding Bank and the Security Trustee (the "**Collateral Holding Agreement**") entered into in relation to the Credit Default Swap Transaction. For further information about the Collateral Holding Bank, see "The Parties – The Issuer and its Related Parties – The Collateral Holding Bank" at page 95. For further information about the Collateral Holding Agreement, see "Summary – The Credit Default Swap Transaction – Credit Default Swap Collateral" at page 28.
The Corporate Services Provider	Structured Finance Management (Ireland) Limited will act as corporate services provider to the Issuer (the "**Corporate Services Provider**") pursuant to a corporate services agreement between the Corporate Services Provider, the Issuer and the Security Trustee (the "**Corporate Services Agreement**").

For further information about the Corporate Services Provider, see "The Parties – The Issuer and its Related Parties – The Corporate Services Provider" at page 95.

The Liquidity Facility Provider

Lloyds TSB Bank plc, will act as liquidity facility provider to the Issuer (the "**Liquidity Facility Provider**") pursuant to a liquidity facility agreement between the Liquidity Facility Provider, the Issuer, the Cash Manager and the Security Trustee (the "**Liquidity Facility Agreement**").

For further information about the Liquidity Facility Provider, see "The Parties – The Issuer and its Related Parties – The Liquidity Facility Provider" at page 95.

For further information about the Liquidity Facility Agreement, see "The Liquidity Facility Agreement" at page 238.

The Interest Rate Swap Provider

JPMorgan Chase Bank, N.A., London Branch will act as interest rate swap provider to the Issuer (the "**Interest Rate Swap Provider**") pursuant to an interest rate swap agreement between the Interest Rate Swap Provider and the Issuer (the "**Interest Rate Swap Agreement**"). Under the Interest Rate Swap Agreement, the Issuer will enter into a hedging transaction in respect of each of the Assigned Loans and, in relation to the Italian Loan, in respect of the Credit Default Swap Transaction (each an "**Interest Rate Swap Transaction**" and together the "**Interest Rate Swap Transactions**"). The Interest Rate Swap Transactions are designed to protect the Issuer against the risk that:

(a) the income derived by the Issuer in respect of the Portuguese Loan does not, unlike its obligations in respect of the Notes, respond to changes in prevailing rates of interest ("**Fixed – Floating Risk**"); and

(b) EURIBOR and the applicable accrual periods, as determined in relation to the Assigned Loans, the Credit Default Swap Income and Collateral Income will not be the same as EURIBOR or the applicable accrual periods as determined in relation to the Notes ("**Basis Risk**").

For further information about the Interest Rate Swap Provider, see "The Parties – The Issuer and its Related Parties – The Interest Rate Swap Provider" at page 96.

For further information about the Interest Rate Swap Agreement, see "The Interest Rate Swap Agreement" at page 243.

The Modelling Agent

Trepp LLC (the "**Modelling Agent**") will pursuant to a letter agreement (the "**Modelling Agreement**") provide initial modelling services to the Issuer and, after the Closing Date, will provide cashflow information relating to the Notes.

For further information about the Modelling Agent, see "The Parties – The Issuer and its Related Parties – The Modelling Agent" at page 95.

Issuer Related Parties

The Note Trustee, the Security Trustee, the Servicer, the Special Servicer, the Principal Paying Agent, the Calculating and Reporting Agent, the Cash Manager, the Agent Bank, the Irish Paying Agent, the Operating Bank, the Collateral Holding Bank, the Corporate Services Provider, the Liquidity Facility Provider, the Modelling Agent and the Interest Rate Swap Provider, are together referred to in this Offering Circular as the "**Issuer Related Parties**".

The Loan Pool

Overview

The Loan Pool is comprised of five loans, being the three Netherlands Loans, the Portuguese Loan and the Italian Loan. As at the Cut-Off Date, the aggregate principal amount outstanding of the Loan Pool was €406,712,590. The Credit Default Swap Income in respect of the Italian Loan and, as at the Cut-Off Date, the margins on the Assigned Loans range from 0.842 per cent. to 1.20 per cent. per annum and the weighted average of the Credit Default Swap Income in respect of the Italian Loan and, as at the Cut-Off Date, the margins on the Assigned Loans is 1.04 per cent. per annum. It is expected that at any time from the Closing Date to the final repayment date of the Loans, the lowest margin on any Loan will be 0.767 per cent. per annum. The figures in this paragraph are calculated on the basis that the outstanding principal balance of the Portuguese Loan is €65,072,216.

For further information about the Loans comprising the Loan Pool, see "The Loans and Related Security" at page 101.

Lending Criteria

All of the Loans were originated by the Originator in accordance, in all material respects, with the Originator's lending criteria prevailing at the time of their origination, save insofar as specifically disclosed in this Offering Circular, though the origination of each Loan was a negotiated process. This process included obtaining or requiring that the Borrowers obtained for the benefit of the Originator an independent valuation of the relevant Property or Properties constituting security for that Loan (each an "**Origination Valuation**" and together the "**Origination Valuations**").

For further information about the lending criteria applied by the Originator in originating the Loans, see "The Loans and the Related Security – Underwriting Standards" at page 101.

The Alliance Loan

This Loan (the "**Alliance Loan**") was made by the Originator to Alliance II C.V. (the "**Alliance Borrower**") pursuant to a credit agreement (the "**Alliance Credit Agreement**") dated 19 November, 2004. As at the Cut-Off Date, the Alliance Loan had a principal amount outstanding of €84,942,216. The scheduled maturity date of the Alliance Loan is the Alliance Payment Date falling in 15 November, 2011.

Interest on the Alliance Loan is payable in arrear on 15 February, 15 May, 15 August and 15 November of each calendar year, or if such a date is a non-business day, on the business day falling immediately prior thereto (each an "**Alliance Payment Date**" and together, the "**Alliance Payment Dates**").

The Alliance Properties

The Alliance Loan is secured by, among other things, first ranking mortgages, created and perfected under Netherlands law, over two Properties (together the "**Alliance Properties**"), located in Groningen and Eindhoven, in the Netherlands. The market value in leased condition of the Alliance Properties was €105,300,000 in aggregate in October 2004 (the "**Alliance Valuations**") as set out in the Alliance Valuation Reports described below.

The Alliance Properties are office properties.

On the basis of the Alliance Valuations, the loan to value ratio (the "**LTV**") of the Alliance Loan at the time of origination was 83.2 per cent. As at the Cut-Off Date, the LTV of the Alliance Loan, again based on the Alliance Valuation, was 80.7 per cent.

The Originator obtained valuation reports (the "**Alliance Valuation Reports**") on each of the Alliance Properties, from Weatherall Vastgoed Adviseurs whose place of business is at Triport 1, Evert van de Beekstraat 20,118 CL. Amsterdam Airport, the Netherlands, dated October 2004.

For further information about the Alliance Properties, see "The Alliance Loan and Property Summary" at page 105.

The Alliance Related Security

In addition to the mortgages over the Alliance Properties, the Alliance Loan is secured by the following main security interests:

(a) a pledge over the Rental Income generated in respect of the Alliance Properties;

(b) a pledge over the claims of each of the partners in respect of the Alliance Borrower;

(c) security interests over all bank accounts of the Alliance Borrower;

(d) a pledge over the insurance payments, if any, generated in respect of the Alliance Properties; and

(e) a pledge over the shares in the managing partner of the Alliance Borrower.

These security interests, together with any other security interests granted in respect of the Alliance Loan, are together referred to in this Offering Circular as the "**Alliance Related Security**". The Alliance Related Security has been created and perfected under Netherlands law.

For further information about the Alliance Related Security, see "The Loans and the Related Security – The Alliance Loan – The Alliance Related Security" at page 113.

The CPFM Loan

This Loan (the "**CPFM Loan**") was made by the Originator to AB CPFM Europroperty III B.V. (the "**CPFM Borrower**") pursuant to a credit agreement (the "**CPFM Credit Agreement**") dated 28 January, 2004. As at the Cut-Off

Date, the CPFM Loan had a principal amount outstanding of €9,600,000. The scheduled maturity date of the CPFM Loan is 30 January 2009 (the "**CPFM Maturity Date**").

Interest on the CPFM Loan is payable in arrear on 15 February, 15 May, 15 August and 15 November of each calendar year, or if such a date is a non-business day, on the business day falling immediately prior thereto (each a "**CPFM Payment Date**" and together, the "**CPFM Payment Dates**").

On the Closing Date, the Issuer will establish a reserve in the amount of €9,000 (the "**CPFM Maturity Cash Reserve**") funded from part of the proceeds of the Note issuance. The CPFM Maturity Cash Reserve will be held within the Collection Account and a separate ledger (the "**CPFM Maturity Cash Reserve Ledger**") will be maintained in respect of this reserve. The Issuer shall maintain the CPFM Maturity Cash Reserve at all times until the Payment Date immediately following the CPFM Maturity Date unless the CPFM Loan is prepaid prior to the CPFM Maturity Date.

If all or part of the CPFM Loan is repaid on the CPFM Maturity Date, the Servicer will calculate the difference (the "**CPFM Shortfall**") between:

(a) the interest received by the Issuer in respect of the period from and including the CPFM Payment Date falling in November 2008 to and including the CPFM Maturity Date (the "**Final CPFM Interest Period**"); and

(b) the interest that would have been payable by the CPFM Borrower if the Final CPFM Interest Period had ended on the CPFM Payment Date falling in February 2009 rather than on the CPFM Maturity Date.

The Servicer will notify the amount of the CPFM Shortfall to the Issuer, the Cash Manager and the Calculating and Reporting Agent prior to the Calculation Date following the CPFM Maturity Date.

If, as a result of all or part of the CPFM Loan being repaid on the CPFM Maturity Date (the "**CPFM Maturity Cash Reserve Release Condition**"), a CPFM Shortfall has arisen on the Payment Date following the CPFM Maturity Date, the Cash Manager will:

(a) apply an amount equal to the CPFM Shortfall (or if the CPFM Maturity Cash Reserve is less than the CPFM Shortfall, an amount equal to the CPFM Maturity Cash Reserve) from the CPFM Maturity Cash Reserve as Interest Receipts in accordance with the then applicable Priority of Payments, and then

(b) apply an amount equal to any remaining funds in the CPFM Cash Reserve as Protected Receipts.

Further, if all or part of the CPFM Loan is repaid on the CPFM Maturity Date, any interest earned on the amount so repaid (the "**CPFM Maturity Repayment Amount**") shall not be treated as a Protected Receipt but shall rather be treated as Interest Receipts and applied in accordance with the then applicable Priority of Payments.

If the CPFM Loan is prepaid prior to the CPFM Maturity Date, on the Payment Date following such prepayment the Cash Manager will apply all amounts in the CPFM Maturity Cash Reserve as Protected Receipts. Further, any interest earned on the amount so prepaid shall, for the avoidance of doubt, be treated as a Protected Receipt.

The CPFM Property

The CPFM Loan is secured by, among other things, first ranking mortgages, created and perfected under Netherlands law, over one Property (the "**CPFM Property**"), located in Oosterhout, in the Netherlands. According to the CPFM Valuation Report (further described below) the market value of the CPFM Property was €16,200,000 as at 1 January 2004 (the "**CPFM Valuation**").

The CPFM Property is a distribution centre.

On the basis of the CPFM Valuation, the LTV of the CPFM Loan at the time of origination was 59.3 per cent. As at the Cut-Off Date, the LTV of the CPFM Loan, again based on the CPFM Valuation, was 59.3 per cent.

The Originator obtained a valuation report (the "**CPFM Valuation Report**") on the CPFM Property, from DTZ Zadelhof v.o.f. whose place of business is at Euclideslaan 253 Utrecht, the Netherlands, dated 1 January 2004.

For further information about the CPFM Property, see "The CPFM Loan and Property Summary" at page 119.

The CPFM Related Security

In addition to the mortgages over the CPFM Property, the CPFM Loan is secured by, among other things, the following security interests:

(a) a pledge over the Rental Income generated in respect of the CPFM Property;

(b) a pledge over the shares in the CPFM Borrower;

(c) a pledge over all bank accounts of the CPFM Borrower; and

(d) a pledge over the insurance payments, if any, generated in respect of the CPFM Property.

These security interests, together with any other security interests granted in respect of the CPFM Loan, are together referred to in this Offering Circular as the "**CPFM Related Security**". The CPFM Related Security has been created and perfected under Netherlands law.

For further information about the CPFM Related Security, see "The Loans and the Related Security – The CPFM Loan – The CPFM Related Security " at page 126.

The Randstad Loan

This Loan (the "**Randstad Loan**") was made by the Originator to 20 subsidiaries (the "**Randstad Borrowers**" and together with the Alliance Borrower and the CPFM Borrower, the "**Netherlands Borrowers**") of D/L Real Estate Holdings 2 B.V. (the "**Randstad Parent**"), and guaranteed by the Randstad Parent, pursuant to a credit agreement dated 14 July 2005 as amended on 14 September 2005 (the "**Randstad Credit Agreement**" and together with the Alliance Credit Agreement and the CPFM Credit Agreement, the "**Netherlands Credit Agreements**"). As at the Cut-Off Date, the Randstad Loan had a principal amount outstanding of €139,880,019. The scheduled maturity date of the Randstad Loan is the Randstad Payment Date falling on 16 August 2010.

Interest on the Randstad Loan is payable in arrear on 15 February, 15 May, 15 August and 15 November or if such day is not a business day, the next business day in that calendar month (if there is one) or the preceding business day (if there is not) (each such date, a "**Randstad Payment Date**" and together, the "**Randstad Payment Dates**" and together with the CPFM Payment Dates and the Alliance Payment Dates, the "**Netherlands Payment Dates**" and each a **"Netherlands Payment Date**").

The margin on the Randstad Loan fluctuates over the life of the Randstad Loan, by reference to (a) the LTV of the Randstad Loan from time to time and (b) a minimum margin which changes annually.

The Randstad Properties

The Randstad` Loan is secured by, among other things, first ranking mortgages, created and perfected under Netherlands law, over 20 Properties (together the "**Randstad Properties**"), located in various towns in the Netherlands. According to the Randstad Valuation Reports (as further described below) the market value of the Randstad Properties was €188,838,648 in aggregate as at 1 May, 2005 (the "**Randstad Valuation**").

The Randstad Properties are used for a variety of purposes, including office premises and industrial premises.

The Alliance Properties, the CPFM Property and the Randstad Properties are together referred to in this Offering Circular as the "**Netherlands Properties**".

On the basis of the Randstad Valuation, the LTV of the Randstad Loan at the time of origination was 74.8 per cent. As at the Cut-Off Date, the LTV of the Randstad Loan, again based on the Randstad Valuation, was 74.1 per cent.

The Originator obtained a valuation report (the "**Randstad Valuation Reports**") on each of the Randstad Properties, from Boer Hartog Hooft Consultancy B.V. whose principal place of business is at Buitenveldertselaan 5 1082 VA Amsterdam, dated 14 July 2005.

For further information about the Randstad Properties, see "The Randstad Loan and Property Summary" at page 120.

The Randstad Related Security

In addition to the mortgages over the Randstad Properties, the Randstad Loan is secured by the following security interests:

(a) a pledge over the Rental Income generated in respect of the Randstad Properties;

(b) a pledge over the shares in the Randstad Borrowers;

(c) a pledge over certain bank accounts of the Randstad Borrowers; and

(d) a pledge over the insurance payments, if any, generated in respect of the Randstad Properties.

These security interests, together with any other security interests granted in respect of the Randstad Loan, are together referred to in this Offering Circular as the "**Randstad Related Security**". The Randstad Related Security has been created and perfected under Netherlands law.

The Alliance Related Security, the CPFM Related Security and the Randstad Related Security are together referred to in this Offering Circular as the "**Netherlands Related Security**".

For further information about the Randstad Related Security, see "The Loans and the Related Security – The Randstad Loan – The Randstad Related Security" at page 150.

The Netherlands Security Trustees, together with the Lenders in respect of the Netherlands Loans are together described in this Offering Circular as the "**Netherlands Finance Parties**".

For further information about the Netherlands Loans, see "The Loans and Related Security - The Netherlands Loans" at page 103.

The Portuguese Loan

There is one Portuguese Loan in the Loan Pool. This Loan was made by the Originator to Imovalue B.V. (the "**Original Portuguese Holdco Borrower**"), Sierra European Retail Real Estate Assets Holdings B.V. formerly known as Sonae Imobiliária European Retail Real Estate Assets Holdings B.V. (the "**New Portuguese Holdco Borrower**" and together with the Original Portuguese Holdco Borrower, the "**Portuguese Holdco Borrowers**"), and Algarveshopping – Centro Comercial S.A., formerly known as Algarveshopping – Empreendimentos Imobiliários, S.A. (the "**Portuguese Property Owner**" and together with the New Portuguese Holdco Borrower, each a "**Portuguese Borrower**" and together the "**Portuguese Borrowers**") pursuant to a credit agreement (the "**Portuguese Credit Agreement**") dated 22 May, 2003, as amended from time to time thereafter. The Portuguese Property is owned by the Portuguese Property Owner. The Original Portuguese Holdco Borrower was

released from its obligations under the Portuguese Loan in August 2003. As at the Cut-Off Date, the Portuguese Loan had a principal amount outstanding of €51,894,000 which increased to €65,072,216 prior to the date of this Offering Circular. The scheduled maturity date of the Portuguese Loan is the Portuguese Payment Date falling on 15 May 2010. However, at the option of the Portuguese Borrowers, and subject to the satisfaction of certain conditions, the final repayment date of the Portuguese Loan may be extended for up to two years.

The Portuguese Loan bears interest at a fixed rate, with interest being paid quarterly in arrear on 15 February, 15 May, 15 August and 15 November of each calendar year or if such a date is not a business day, the next business day immediately thereafter in the same month (if there is one) or, the immediately preceding business day (if there is not) (each such date a "**Portuguese Payment Date**" and together, the "**Portuguese Payment Dates**"). If the final maturity date of the Portuguese Loan is extended, the Portuguese Loan will bear interest at a floating rate from the Portuguese Payment Date falling in May 2010 until the final maturity of the Portuguese Loan.

For further information about the Portuguese Loan, including the conditions which apply to the extension of the final repayment date, see "The Loans and Related Security - The Portuguese Loan" at page 153.

The Portuguese Property

The Portuguese Loan is secured by, among other things, a first ranking mortgage, created and perfected under Portuguese law, over certain parts of one property (the "**Portuguese Property**"), located in Guia, Albufeira, in the Algarve, Portugal. According to the Portuguese Valuation Report (as further described below) the market value of the freehold interest in the Portuguese Property was €96,922,000 as at 31 March 2005 (the "**Portuguese Valuation"**).

The Portuguese Property is comprised of 168 units (132 retail units plus 36 storage units) within a single shopping centre known as "Algarve Shopping". The shopping centre is divided into "fraction units" or parts and the fraction units owned by the Portuguese Property Owner correspond to fractions B to AC of the shopping centre. For the avoidance of doubt, only that part of the shopping centre corresponding to the above mentioned 168 fraction units constitute security for the Portuguese Loan.

The Portuguese Property Owner does not own fraction unit A of the shopping centre (a retail unit which is currently used as a hypermarket) and this part of the shopping centre does not form any part of the Portuguese Property or therefore the Portuguese Related Security.

On the basis of the Portuguese Valuation, the LTV of the Portuguese Loan at the time of origination was 67.1 per cent. As at the Cut-Off Date, the LTV of the Portuguese Loan, again based on the Portuguese Valuation, was 67.1 per cent. These calculations were prepared on the basis that the

outstanding principal balance of the Portuguese Loan is €65,072,216.

The Originator obtained a valuation report (the "**Portuguese Valuation Report**") on the Portuguese Property from Cushman & Wakefield Healy & Baker, whose place of business is at Avenida da Liberdade 131-2^{o} 1250-140 Lisbon, dated 31 March 2005.

For further information about the Portuguese Property, see "The Portuguese Loan and Property Summary" at page 155.

The Portuguese Related Security

In addition to the mortgage over the Portuguese Property, the Portuguese Loan is secured by the following security interests:

(a) a pledge over the Rental Income generated in respect of the Portuguese Property;

(b) a pledge over the shares of the Portuguese Property Owner;

(c) a pledge over the bank accounts of the Portuguese Property Owner;

(d) a pledge over the bank account of the Portuguese Property Manager; and

(e) a pledge of the shareholder loans made to the Portuguese Property Owner.

These security interests, together with any other security interests granted in respect of the Portuguese Loan, are together referred to in this Offering Circular as the "**Portuguese Related Security**". The Portuguese Related Security has been created and substantially perfected under Portuguese law.

For further information about the Portuguese Related Security, see "The Loans and the Related Security – The Portuguese Loan – The Portuguese Related Security" at page 165.

The Italian Loan

There is one Italian Loan in the Loan Pool. This Loan was made by the Originator to Alicentro 2 S.r.l. (the "**Italian Borrower**" and together with the Netherlands Borrowers and the Portuguese Borrower, the "**Borrowers**") pursuant to a credit agreement dated 7 August 2003 (the "**Italian Credit Agreement**") and together with the Netherlands Credit Agreements and the Portuguese Credit Agreement, the "**Credit Agreements**" and each a "**Credit Agreement**"). As at the Cut-Off Date, the Italian Loan had a principal amount outstanding of €107,218,139. The scheduled maturity date of the Italian Loan is 14 August 2010.

The Italian Loan bears interest at a floating rate, based on three month EURIBOR plus a margin, with interest being paid quarterly in arrear on 15 February, 15 May, 14 August and 15 November of each calendar year or if such a date is

not a business day, on the next business day immediately thereafter in the same month (if there is one) or the immediately preceding business day (if there is not) (each such date, an "**Italian Payment Date**" and together the "**Italian Payment Dates**").

For further information about the Italian Loan, see "The Loans and Related Security - The Italian Loan" at page 169.

The Italian Properties

The Italian Loan is secured by, among other things, first ranking mortgages, created and perfected under Italian law, over a portfolio of 38 Properties (together the "**Italian Properties**"), located throughout Italy. According to the Italian Valuation Report (as further described below) the market value of the Italian Properties was €145,030,000 in aggregate as at 31 March 2005 (the "**Italian Valuation**").

The Italian Properties are used for retail purposes.

On the basis of the Italian Valuation of the Italian Properties, the LTV of the Italian Loan at the time of origination was 73.9 per cent. As at the Cut-Off Date, the LTV of the Italian Loan, again based on the Italian Valuation, was 73.9 per cent.

The Originator obtained a valuation report (the "**Italian Valuation Report**") on each of the Italian Properties from REAG Real Estate Advisory Group S.r.l. ("**REAG**") whose place of business is at Palazzo Pegaso n.1 – Agrate Brianza (MI), Italy, dated 31 March 2005.

For further information about the Italian Properties, see "The Italian Loan and Property Summary" at page 171.

The Italian Related Security

In addition to the mortgages over the Italian Properties, the Italian Loan is secured by the following security interests:

(a) an assignment made by way of security over the Rental Income generated in respect of the Italian Properties;

(b) a pledge over the shares of the Italian Borrower;

(c) a pledge over the bank accounts of the Italian Borrower; and

(d) a loss payee agreement (*Atto di Vincolo sui contratti assicurativi e polize*) over the insurance payments, if any, generated in respect of the Italian Properties.

These security interests, together with any other security interests granted in respect of the Italian Loan, are together referred to in this Offering Circular as the "**Italian Related Security**". The Italian Related Security has been created and perfected under Italian law.

For further information about the Italian Related Security, see "The Loans and the Related Security – The Italian Loan – The Italian Related Security" at page 183.

Prepayment Fees

Under the terms of the Credit Agreements relating to each of the Loans, the Borrowers thereunder will, in the event that they make prepayments of principal at certain times and under certain circumstances, be obliged to pay certain fees to the Lender (such fees being the "**Prepayment Fees**"). For the avoidance of doubt, any Prepayment Fees which are so paid by the Borrowers to the Issuer in respect of the Loans sold to it will not be available to the Issuer to meet its various obligations but rather will be categorised as Protected Receipts and will be paid by the Issuer to the Originator by way of deferred consideration for the sale of the relevant Loans. Prepayment Fees in respect of the Italian Loan will, in any event, be retained by the Originator for so long as it owns the Italian Loan.

The Loan Sale Agreements

Sale of the Netherlands Loans

Pursuant to the Netherlands Loan Sale Agreement, which will be governed by Netherlands law, the rights of the Originator against the Netherlands Borrowers and any obligor, under, to and connected with the Netherlands Loans will be sold by the Originator to the Issuer, together with certain other contractual rights of the Originator related to the Netherlands Loans.

By virtue of the sale of the Netherlands Loans, the Issuer will become the holder of the Originator's rights in the Netherlands Loans and as such will be entitled to all payments of interest on and all repayments of principal in respect of the Netherlands Loans made after notification of the sale to the Borrowers and the obligors in respect of the Netherlands Loans (which will occur on the Closing Date, together with certain additional amounts). However, the Issuer will not, notwithstanding the sale of the Netherlands Loans to it, be registered as the holder of the mortgages and the pledges granted in respect of the Netherlands Properties. The Netherlands Security Trustees will continue to be registered as the holders of such mortgages and pledges and will be able to enforce them by virtue of the parallel debt owed to it by the Netherlands Borrowers under the relevant Credit Agreements. Under the Netherlands Loan Sale Agreement, the Issuer, the Netherlands Security Trustees and the Originator will agree that the proceeds of the enforcement of the Netherlands Related Security, to the extent such proceeds are to be allocated to the Issuer, in accordance with the Randstad Intercreditor Agreement, the Alliance Deed of Subordination or the CPFM Deed of Subordination respectively will be paid promptly to the Issuer or the Security Trustee, as applicable for distribution in accordance with the applicable Priorities of Payment. The Originator will acknowledge, in the Netherlands Loan Sale Agreement, that it has no right to the proceeds of enforcement of the Netherlands Related Security.

Under the Netherlands Loan Sale Agreement, the Originator will provide various representations and warranties to the Issuer, relating to, among other things, the characteristics and qualities of the Netherlands Loans and the Netherlands Related Security. In the event that any of these representations and warranties are materially breached and

such breach cannot be remedied, the Issuer will have the right to require the Originator within a prescribed time period to repurchase the relevant Netherlands Loan for a repurchase price equal to an amount not less than its then principal amount outstanding and all interest accruing until the next Netherlands Payment Date in respect thereof.

For further information about the sale of the Netherlands Loans and the representations and warranties provided by the Originator thereunder, see "The Loan Sale Process" at page 201.

Sale of the Portuguese Loan

The Portuguese Loan and the Portuguese Related Security will be sold by the Originator to the Issuer pursuant to the Portuguese Loan Sale Agreement and a notarial deed (the "**Portuguese Notarial Deed**"), together with certain other contractual rights of the Originator. The Portuguese Loan Sale Agreement and the Portuguese Notarial Deed will both be governed by Portuguese law.

By virtue of the sale of the Portuguese Loan, the Issuer will become the owner of the Originator's rights, title and interest in the Portuguese Loan and the Portuguese Related Security and as such will be entitled to all payments of interest on and all repayments of principal in respect of the Portuguese Loan after the Closing Date together with certain additional amounts.

Under the Portuguese Loan Sale Agreement, the Originator will provide various representations and warranties to the Issuer relating to, among other things, the characteristics and qualities of the Portuguese Loan and the Portuguese Related Security. In the event that any of these representations and warranties are materially breached and such breach cannot be remedied, the Issuer will have the right to require the Originator to repurchase the Portuguese Loan and Portuguese Related Security for a repurchase price equal to an amount equal to, among other things, its then principal amount outstanding and all interest accruing until the next Portuguese Payment Date.

For further information about the sale of the Portuguese Loan, see "The Loan Sale Process" at page 201.

Loan Disposal Option

The Issuer will be entitled to dispose of its interest in any of the Netherlands Loans and/or the Portuguese Loan together with its interests in the Related Security (each a "**Disposal Asset**") at any time (the date of each sale, being a "**Disposal Date**") provided that such disposal has been consented to by:

(a) a resolution passed by the holders of at least 75 per cent. of the then aggregate Principal Amount Outstanding of each class of Notes; or

(b) if at the Disposal Date there is either only one Loan outstanding or the Principal Amount Outstanding of the Notes in aggregate is less than 10 per cent. of the Principal Amount Outstanding of the Notes on the Closing Date, a resolution passed by the holders

of 75 per cent. of the then aggregate Principal Amount Outstanding of the Controlling Class.

If the Issuer elects to exercise its right to dispose of its interest in a Disposal Asset, it shall be required to offer the Disposal Asset to the Originator at a price equal to the highest price offered by a third party purchaser at that time before disposing of the Disposal Asset to such third party purchaser. If within 30 Business Days of receipt of such offer the Originator has not confirmed to the Issuer that it will acquire the Disposal Asset, then the Issuer shall be entitled to dispose of the Disposal Asset to a third party purchaser, subject to having received the consents referred to above.

The Credit Default Swap Transaction

Credit Default Swap Agreement

Concurrently with the issuance of the Notes, the Issuer will enter into the Credit Default Swap Transaction with the Credit Protection Buyer, in order to provide the Credit Protection Buyer with credit protection in respect of the Italian Loan. The Credit Default Swap Transaction will be documented pursuant to:

(a) a 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA (together with a schedule thereto);

(b) a confirmation relating to the Credit Default Swap Transaction; and

(c) an ISDA English law credit support annex,

(together, the "**Credit Default Swap Agreement**").

Credit Protection Payments

Pursuant to the Credit Default Swap Agreement, the Issuer will be obliged to pay to the Credit Protection Buyer the amount of the Credit Default Swap Collateral (including any Accrued Interest Payment), such payment constituting a Credit Protection Payment (also referred to in the Credit Default Swap Agreement as the Cash Settlement Amount) and being made after notice of the occurrence of a Credit Event is delivered to the Issuer, as prescribed by the Credit Default Swap Agreement, on a date described in the Credit Default Swap Agreement as the Cash Settlement Date.

The amount of the Credit Default Swap Collateral, from time to time, should be no less than the principal amount of the Italian Loan outstanding at such time. The effect of the Credit Default Swap Transaction is, therefore, to transfer the risk of loss arising from the occurrence of a Credit Event from the Credit Protection Buyer to the Issuer for so long as the Credit Default Swap Transaction remains in effect and up to the extent of the Credit Default Swap Collateral.

Credit Default Swap Collateral

The obligation of the Issuer to make Credit Protection Payments to the Credit Protection Buyer will, as described above, be funded out of the Credit Default Swap Collateral. Pursuant to the terms of the Collateral Holding Agreement, if the Issuer is required to make a Credit Protection Payment to the Credit Protection Buyer, the Collateral Holding Bank will

transfer the Credit Default Swap Collateral directly to the Credit Protection Buyer in discharge of the Issuer's obligation to make the Credit Protection Payment. The Credit Default Swap Collateral will be subject to a first ranking security interest granted by the Issuer in favour of the Security Trustee for the benefit of the Credit Protection Buyer and a second ranking security interest granted by the Issuer in favour of the Security Trustee for the benefit of the Noteholders and the other Issuer Secured Creditors.

Under the terms of the Collateral Holding Agreement, the Collateral Holding Bank (for so long as it is JPMCB) will pay to the Issuer periodic payments of interest on the Credit Default Swap Collateral (the "**Collateral Income**") on each Italian Payment Date at a rate equal to EURIBOR for three-month euro deposits. However, if a Credit Event occurs in respect of the Italian Loan, the Collateral Income in respect of the period commencing on the immediately preceding Italian Payment Date and ending on the Cash Settlement Date will be divided between the Issuer and the Credit Protection Buyer according to the following rules. The Collateral Holding Bank will pay to the Credit Protection Buyer the difference, if positive, between (a) the Collateral Income in respect of such period and (b) the interest paid by the Italian Borrower, if any, in respect of such period (such an amount an "**Accrued Interest Payment**"). The Collateral Holding Bank will pay the remainder of the Collateral Income (if any) to the Issuer.

In addition, where a potential failure to pay may exist under the Italian Loan on an Italian Payment Date, the Credit Protection Buyer may by notice to the Collateral Holding Bank, the Issuer, the Calculating and Reporting Agent and the Cash Manager instruct that the Collateral Holding Bank does not make payment to the Issuer of Collateral Income on such date and require it to wait until the first business day after the relevant payments have been made in full and no Credit Event has occurred with respect to such potential failure to pay.

The Credit Default Swap Collateral will be transferred by the Collateral Holding Bank to the Issuer upon, among other things, and to the extent of, the Italian Borrower making any repayment or prepayment of principal in respect of the Italian Loan, the amount transferred being equal to the amount of the repayment or prepayment, as the case may be. The amount of the Credit Default Swap Collateral is therefore reduced to reflect a reduction in the principal amount outstanding of the Italian Loan. If no Cash Settlement Date has occurred, the Credit Default Swap Collateral will also be released by the Collateral Holding Bank to the Issuer in the event of a breach of a Credit Default Swap Eligibility Criterion or Servicing Criterion or following certain other events resulting in early termination of the Credit Default Swap Agreement as set out under the terms of the Credit Default Swap Agreement, each as further described below.

The Issuer will fund the Credit Default Swap Collateral through part of the proceeds of the issuance of the Notes.

Credit Default Swap Income

In return for the Issuer assuming the obligation to make a Credit Protection Payment upon the occurrence of a Credit Event, the Credit Protection Buyer will, under the terms of the Credit Default Swap Agreement, make certain periodic payments to the Issuer (the "**Credit Default Swap Income**"). The Credit Default Swap Income is payable by the Credit Protection Buyer to the Issuer in arrear on each Payment Date and on the Early Termination Date. The amount of each such payment of Credit Default Swap Income which is payable on each such date will be determined by JPMorgan Chase Bank, N.A., Milan Branch in its capacity as calculation agent in accordance with the Credit Default Swap Agreement (in such capacity, the "**Calculation Agent**") and will be paid by the Credit Protection Buyer directly into the Collection Account.

However, if an Initial Rating Event applies to the Credit Protection Buyer in respect of which it is required to post Eligible Credit Support, on any date on which it is required to pay Credit Default Swap Income, it shall also be required to post collateral equal to the amount of Credit Default Swap Income payable for the next two Credit Default Swap Calculation Periods under the Credit Default Swap Transaction.

The amount of Credit Default Swap Income payable by the Credit Protection Buyer on any Payment Date will be equal to (a) 1.20 per cent. per annum, multiplied by (b) the sum of the outstanding principal amount of the Italian Loan as at 5pm (Milan time) on the first day in the relevant calculation period multiplied by (c) the number of days in the relevant calculation period divided by 360.

No Credit Default Swap Income will be payable in respect of a Credit Default Swap Calculation Period in which valid notice of the occurrence of a Credit Event is given to the Issuer by the Credit Protection Buyer. Also where a potential failure to pay may exist under the Italian Loan on a Payment Date, the Credit Protection Buyer may elect not to make a payment of Credit Default Swap Income on such date and to wait until the first business day after the relevant payments have been made in full and no Credit Event has occurred with respect to such potential failure to pay provided that if it does so it must notify the Issuer, the Calculating and Reporting Agent and the Cash Manager accordingly in sufficient time to enable the Issuer or Cash Manager on its behalf to make a drawing of funds under the Liquidity Facility Agreement.

For further information about the Credit Default Swap Income, see "The Credit Default Swap Transaction" at page 206.

Credit Default Swap Eligibility Criteria

Certain eligibility criteria are required to be satisfied in respect of the Italian Loan (as at the Closing Date) under the terms of the Credit Default Swap Agreement (together, the **"Credit Default Swap Eligibility Criteria"** and each a **"Credit Default Swap Eligibility Criterion"**). In addition, certain criteria relating to the servicer or special servicer of the Italian Loan are required to be satisfied in circumstances

where the Credit Protection Buyer is not the Italian Lender (together, the "**Servicing Criteria**" and each a "**Servicing Criterion**").

The Credit Default Swap Eligibility Criteria relate, among other things, to the qualities and characteristics of the Italian Loan as at the Closing Date. The Servicing Criteria relate to the servicing arrangements which are in place in respect of the Italian Loan. In the event that a Credit Default Swap Eligibility Criterion or a Servicing Criterion is materially breached and not remedied within a certain time period, following payment of any accrued but unpaid amounts the Credit Default Swap Collateral will be released by the Collateral Holding Bank to the Issuer in its entirety and will be used to redeem the Notes in part in accordance with the Conditions or if the Issuer has paid the Credit Protection Payment to the Credit Protection Buyer, at such time the Credit Protection Buyer will be required to make payment of such amount to the Issuer less any Enforcement Proceeds Amount which has already been paid to the Issuer. Thereafter, the Credit Default Swap Transaction will terminate.

For further information about the Credit Default Swap Transaction, the Credit Default Swap Eligibility Criteria and the Servicing Criteria, see "The Credit Default Swap Transaction" at page 206.

CDS Credit Support Document

The CDS Credit Support Document will provide that following any downgrade of certain ratings of the Credit Protection Buyer below certain specified thresholds, from time to time, subject to the conditions and other remedies specified in the Credit Default Swap Agreement, the Credit Protection Buyer will be required to make transfers of collateral to the Issuer in support of its obligations under the Credit Default Swap Agreement and that the Issuer will be obliged to return all or part of such collateral in accordance with the terms of the Credit Default Swap Agreement in certain circumstances.

Right of Transfer

The Originator may, at any time, transfer the Italian Loan and the Italian Related Security to a third party. Such a transfer of the Italian Loan and the Italian Related Security will not, in and of itself, cause the early termination of the Credit Default Swap Transaction. The rights and obligations of the Credit Protection Buyer and the Issuer under the Credit Default Swap Agreement would remain effective and would be capable of performance by both parties, notwithstanding the transfer of the Italian Loan and the Italian Related Security.

Right to terminate the Credit Default Swap Transaction

Prior to notice of the occurrence of a Credit Event being given by the Credit Protection Buyer to the Issuer, the Credit Protection Buyer may elect to terminate the Credit Default Swap Transaction at any time.

If the Credit Default Swap Transaction terminates in such circumstances, following payment of any accrued but unpaid amounts neither party will be required to make a payment on termination and the Credit Default Swap Collateral will be repaid to the Issuer for application in accordance with the applicable Priority of Payments. The Credit Protection Buyer

will only be required to pay the Credit Default Swap Income which is due in respect of the period from commencement of the immediately preceding Credit Default Swap Calculation Period to the termination date.

Early Termination of the Credit Default Swap Transaction

In the event that the Credit Default Swap Transaction terminates prior to its scheduled termination date, certain consequences follow in relation to the treatment of the Italian Loan and the Credit Default Swap Collateral. Such consequences vary, depending on the circumstances of the termination.

Asset Transfer Agreements

The Netherlands Loan Sale Agreement and the Portuguese Loan Sale Agreement are together referred to in this Offering Circular as the "**Loan Sale Agreements**", which term shall be construed to include any ancillary documents entered into in connection with the sale of the Netherlands Loans and the Portuguese Loans. The Loan Sale Agreements and the Credit Default Swap Agreement are together referred to in this Offering Circular as the "**Asset Transfer Agreements**". The Loans transferred to the Issuer by the Loan Sale Agreements are referred to in this Offering Circular as the "**Assigned Loans**".

For further information about the Credit Default Swap Transaction, see "The Credit Default Swap Transaction" at page 206. Specifically for further information about the consequences of an early termination of the Credit Default Swap Transaction, see "The Credit Default Swap Transaction – Early Termination" at page 212.

The Notes

Status and Form

The Notes will be issued on the Closing Date in an aggregate principal amount of €406,762,000 and will be constituted by the Note Trust Deed. If issued in definitive form the Notes will be in the denomination of €50,000. In the event that a Permanent Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in denominations with original principal amounts of €50,000 only. Noteholders who hold Class D Notes in the relevant clearing system in amounts that are not integral multiples of €50,000 may need to purchase or sell on or before the date on which such Class D Notes are exchanged for Definitive Notes, a principal amount of Class D Notes such that their holding is in integral multiples of €50,000. Failure to do so may result in such a Noteholder losing its right to payment of interest, repayment of principal and voting rights.

The Notes of each class will rank *pari passu* without any preference or priority among themselves.

The Notes will all share the benefit of the Issuer Security. However, in the event of the Issuer Security being enforced, the Class A Notes and the Class X Note (in the latter case, with respect to interest payments only) will rank higher in priority to the Class B Notes, the Class B Notes will rank higher in priority to the Class C Notes and the Class C Notes will rank higher in priority to the Class D Notes.

The Notes will be sold to non-US investors only in reliance on Regulation S. The Notes will initially be represented by a Temporary Global Note for each class, in bearer form without coupons or talons attached. The Temporary Global Notes will represent the aggregate principal amount outstanding of each class of Notes.

The Temporary Global Notes will be deposited with the Common Depositary for Clearstream, Luxembourg and Euroclear, on the Closing Date. Interests in any Temporary Global Note will be exchangeable from and including the date which is 40 days after the Closing Date (the "**Exchange Date**") upon certification as to non-U.S. beneficial ownership by the relevant Noteholders, for interests in Permanent Global Notes representing the same class of Notes, in bearer form also without interest coupons or talons attached, which will also be deposited with the Common Depositary. The Permanent Global Notes will be exchangeable for Definitive Notes only in limited circumstances.

The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of holders of the Class A Notes (the "**Class A Noteholders**"), the holder of the Class X Note (the "**Class X Noteholder**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**" and together with the Class A Noteholders, the Class X Noteholder, the Class B Noteholders and the Class C Noteholders, the "**Noteholders**"). However, where there is, in the opinion of the Note Trustee, a conflict between the interests of one or more classes of Noteholders, the Note Trustee will be required to have regard only to the interests of the most senior class of Notes then outstanding.

For further information about the status and form of the Notes, see "Description of the Notes" at page 257.

Limited Recourse

Claims against the Issuer by Noteholders in respect of the Notes will be limited to the value of the Issuer Security. In the event of enforcement of the Issuer Security, the proceeds of realisation of the Issuer Security may, after paying or providing for all prior-ranking claims, be less than the amounts due to Noteholders or certain classes of the Noteholders. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished. Noteholders will not have recourse to any other assets of the Issuer, if any.

For further details about the Issuer Security, see "Summary - Issuer Security" at page 59.

Ratings

The Notes are, upon issue, expected to be rated by the Rating Agencies as follows:

Expected Ratings

Class	Fitch	Moody's	S&P
A	AAA	Aaa	AAA
X	AAA	NR	AAA
B	AA	Aa2	AA
C	A	A2	A
D	BBB	Baa3	BBB

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 agency. In this Offering Circular "**NR**" means that a class of Notes is not rated by any of the Rating Agencies.

The ratings of the Notes are dependent upon, among other things, the short-term unsecured, unsubordinated debt ratings of the Credit Protection Buyer, Liquidity Facility Provider, the Collateral Holding Bank and the Interest Rate Swap Provider. Consequently, a qualification, suspension, downgrade or withdrawal of any such rating by a Rating Agency may have an adverse effect on the ratings accorded to all or any classes of the Notes in the event that the Credit Protection Buyer, the Liquidity Facility Provider or the Collateral Holding Bank or Interest Rate Swap Provider, as may be the case, cannot be replaced or their relevant obligations collateralised.

The ratings assigned by Moody's to each class of the rated Notes address the expected amount of loss in proportion to the aggregate initial principal amount of such class of Notes posed to investors by the Maturity Date. In Moody's opinion, the structure allows for timely payment of interest and ultimate repayment of principal at par on or before the Maturity Date.

If, in connection with any matter described in this Offering Circular, Rating Confirmations are required from two of the Rating Agencies, the person obtaining the Rating Confirmations must obtain a Rating Confirmation from S&P.

Further Issues

The Issuer will not issue any debt instruments other than the Notes, nor will it acquire any loan assets other than the Assigned Loans and their Related Security. Similarly, the Issuer will not enter into any credit default swap transactions other than the Credit Default Swap Transaction nor hold any collateral relating to the Credit Default Swap Transaction other than the Credit Default Swap Collateral or any collateral transferred under the Credit Support Documents. Its activities are restricted to those described in this Offering Circular and any necessarily incidental activities.

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance, however, that listing on the Irish Stock Exchange will be granted.

Governing Law

The Notes and the Note Trust Deed will be governed by English law.

Tax Status

The Issuer is, as indicated above, incorporated under the laws of Ireland. The Issuer and the Notes are susceptible to the incidence of tax in Ireland.

For information about the tax status of the Notes, see "Ireland Taxation" at page 303 and "United Kingdom Taxation" at page 308.

Distributions on the Notes

General

On each Payment Date, payments of interest and repayments of principal collected with respect to the Assigned Loans, together with Credit Default Swap Income payments made by the Credit Protection Buyer pursuant to the Credit Default Swap Transaction, Collateral Income payments or release of the Credit Default Swap Collateral made by the Collateral Holding Bank pursuant to the Collateral Holding Agreement, drawings made under Liquidity Facility Agreement, amounts received pursuant to the Interest Rate Swap Agreement and certain other amounts available to the Issuer on that Payment Date will be distributed in the manner described in "Summary - Available Funds and their Priority of Application" at page 41.

Subject to there being sufficient funds available for such purpose, the Paying Agent will, on each Payment Date, make distributions of interest to the Noteholders entitled to those payments in the order described in the Pre-Enforcement Revenue Priority of Payments below.

Repayments of principal in respect of the Class X Note will be made solely from amounts on deposit in the "**Class X Account**" (other than interest generated thereon) and such amounts are not otherwise payable or available to the holders of other classes of Notes.

Interest

Each Note will bear interest on its Principal Amount Outstanding from, and including, the Closing Date in accordance with Condition 5 (*Interest*) at page 268. Interest will be payable in respect of the Notes in Euro, quarterly in arrear on the 22nd day of February, May, August, and November of each calendar year (commencing on 22 February 2006) (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day).

Interest payments will be made subject to applicable withholding or deduction for or on account of tax (if any), without the Issuer being obliged to pay additional amounts in respect of any such withholding or deduction.

Interest Rates on Class A, B, C and D Notes

The interest rate applicable to the Notes from time to time (other than the Class X Note, the interest rate applicable to which is described separately below) (the "**Rate of Interest**") will be EURIBOR (as determined in accordance with Condition 5(c) (*Rate of Interest*), at page 268), for three month Euro deposits or, in the case of the first Interest Accrual Period (as defined in Condition 5(b) (*Payment Dates*

and Interest Accrual Periods) at page 268), a linear interpolation of EURIBOR for two and three month Euro deposits plus, in each case, the Relevant Margin.

The "**Relevant Margin**" in respect of each class of Notes (other than the Class X Note) will be:

Class	Relevant Margin
A	0.24 per cent. per annum
B	0.35 per cent. per annum
C	0.60 per cent. per annum
D	1.05 per cent. per annum

Interest payable on the Class D Notes is subject on any Payment Date to a maximum amount equal to the lesser of (a) the Interest Amount in respect of such class of Notes, as calculated pursuant to Condition 5(d) (*Determination of Rates of Interest and Calculation of Interest Amount for Notes*) at page 272 and (b) the amount (the "**Adjusted Interest Amount**") equal to the Revenue Receipts in respect of such Payment Date minus, without duplication, the sum of all amounts payable out of Revenue Receipts on such Payment Date in priority to the payment of interest on such class of Notes.

Interest Rate on Class X Note

On any Payment Date, the amount of interest due with respect to the Class X Note, is equal to interest accrued during the related Interest Accrual Period at the Class X Rate of Interest on the Principal Amount Outstanding of the Class X Note at the beginning of that Interest Accrual Period.

The "**Class X Rate of Interest**", with respect to any Interest Accrual Period, is a per annum rate equal to a percentage calculated as follows:

(a) (i) the interest paid to the Issuer on the balance of the Class X Account in respect of the relevant Interest Accrual Period; **plus**

(ii) all amounts which would be available for payment in accordance with the final paragraph of the Pre-Enforcement Revenue Priorities of Payments on the Payment Date on which the relevant Interest Accrual Period ends after all other payments required to be made by or on behalf of the Issuer on such Payment Date have been made (assuming that any payments made under this paragraph (a)(ii) are not taken into account); **plus**

(iii) the product of:

(1) the sum of the principal balances of the Loans, as at the first day of the relevant Interest Accrual Period, and

(2) the Class X Weighted Average Strip Rate for the relevant Interest Accrual Period

divided by

(b) the Principal Amount Outstanding of the Class X Note as at the first day of the relevant Interest Accrual Period.

The "**Class X Weighted Average Strip Rate**" with respect to any Interest Accrual Period will be a per annum rate equal to the excess, if any, of:

(a) the Net WAC Rate as at the first day of the related Interest Accrual Period; and

(b) the weighted average of the Rates of Interest of the Notes (other than the Class X Note) as at the first day of the relevant Interest Accrual Period, weighted on the basis of the Principal Amount Outstanding of such Notes as at the first day of the relevant Interest Accrual Period.

The "**Net Mortgage Rate**" for any Loan with respect to any Interest Accrual Period is equal to the interest rate due in respect of such Loan (after giving effect to the Interest Rate Swap Agreements or any reserve) under the terms of the related Credit Agreement, less the Administrative Cost Rate.

The "**Net WAC Rate**" with respect to any Interest Accrual Period, is equal to the weighted average of:

(a) the Net Mortgage Rates for the Assigned Loans; and

(b) the Credit Default Swap Income and the Collateral Income (after giving effect to the Interest Rate Swap Agreement) each expressed as a rate of interest less the Administrative Cost Rate,

weighted on the basis of the respective principal balances of the Assigned Loans as at the first day of the relevant Interest Accrual Period (taking into account, without double counting, any principal in relation to a Loan deemed non-recoverable by the Servicer or Special Servicer, as applicable, in relation to a Loan during the preceding Interest Accrual Periods) and of the notional amount of the Credit Default Swap Transaction as at the first day of the relevant Credit Default Swap Calculation Period.

The "**Administrative Cost Rate**" is equal to a variable rate applicable to each Loan, which, for any Payment Date, is the percentage obtained by dividing:

(a) the Administrative Cost Factor by

(b) the fraction obtained by dividing (A) the actual number of days in the relevant Interest Accrual Period relating to such Payment Date, by (B) 360.

The Administrative Cost Rate represents, as at any date of calculation, the per annum rate at which Periodic Expenses for any Interest Accrual Period accrue against the outstanding principal balance of the Loans.

The "**Administrative Cost Factor**" is, as at any Payment Date, equal to the percentage obtained by dividing:

(a) the Administrative Fees for such Payment Date; by

(b) the outstanding principal balance of the Loans immediately after the second Loan Payment Date prior to such Payment Date (taking into account, without double counting, any principal deemed non-recoverable by the Servicer or Special Servicer, as applicable, in relation to a Loan during the preceding Interest Accrual Periods).

The "**Administrative Fees**" will, as at any Payment Date, be the sum of all Periodic Expenses and other expenses of the Issuer payable pursuant to paragraphs (a) and (b) of the Pre-Enforcement Revenue Priority of Payments plus VAT, if applicable, related to such Payment Date or paragraph (a) of the Post-Enforcement Priority of Payments but excluding any payment under any Interest Rate Swap Agreement which is not a swap termination payment.

Whenever it is necessary to compute an amount of interest in respect of any of the Notes for any period, such interest will be calculated on the basis of actual days elapsed and a 360-day year.

Subordination of Interest

The holders of the Class A Notes and the Class X Note will only receive interest payments after payment by the Issuer of certain costs and expenses which rank ahead of them in terms of priority. The Issuer's obligations to pay interest on the Class B Notes, the Class C Notes and the Class D Notes will be subordinated to all interest payments on the Class A Notes and the Class X Note (including accrued and deferred interest), and its obligations to pay interest on the Class B Notes, the Class C Notes and the Class D Notes, will, in each case, also be subordinated to the Issuer's obligation to pay interest on any and all other more senior-ranking classes of Notes then outstanding in the same manner.

In particular, the Issuer's obligation to pay interest in respect of the Class D Notes is limited, on each Payment Date, to an amount equal to the lesser of:

(a) the Interest Amount as defined in Condition 5(d) (*Determination of Rates of Interest and Calculation of Interest Amount for Notes*) at page 272 in respect of such class of Notes for the Payment Date, and

(b) the Adjusted Interest Amount as defined in Condition 5(i) (*Interest on the Class D Notes*) at page 273,

Failure by the Issuer to pay interest on the Class A Notes (or the most senior class of Notes which is still outstanding (other than the Class X Note) where one or more classes of Notes has been redeemed in full) when due and payable will result in the occurrence of a Note Event of Default which may result in the Security Trustee enforcing the Issuer Security.

For further information about the Note Events of Default, see "Terms and Conditions of the Notes – Condition 10 (*Note Events of Default*)" at page 283.

Principal Final Redemption

Unless previously redeemed, the Notes are expected to be redeemed at their Principal Amount Outstanding together with accrued interest on the Payment Date falling in November 2011 (the "**Assumed Final Payment Date**"), provided that in any event, the maturity date of the Notes may not be later than the Payment Date falling in May 2015 (the "**Maturity Date**").

Principal Amount Outstanding

The "**Principal Amount Outstanding**" of any class of Notes (other than the Class X Note) outstanding on any date shall be the initial principal amount thereof on the Closing Date less:

(a) the aggregate amount of principal repayments or prepayments paid (excluding any such repayment or prepayment of principal made in respect of NAI Amounts) in respect of that class of Notes since the Closing Date and prior to such date; and

(b) the aggregate amount of all NAI Amounts allocated to such class of Notes since the Closing Date and before such date.

"**NAI**" means, with respect to any Calculation Date, the amount by which:

(a) the aggregate amount of principal of each Loan outstanding (as determined by the Servicer or the Special Servicer (in the case of a Specially Serviced Loan)), after taking into account all principal received on or before such Calculation Date; **is less than**

(b) the aggregate Principal Amount Outstanding of all the Notes (other than the Class X Note) on the related Payment Date (after taking into account all amounts of Note principal paid or pre-paid on that Payment Date).

"**NAI Amounts**" means on any Payment Date, in relation to the Notes of a particular class, a share of the amount equal to the aggregate amount of NAI required to be applied to the Notes of that class on such Payment Date calculated in accordance with Condition 6(g) (*Principal Amount Outstanding and Note Factor*) at page 279. As set out in Condition 6(g) (*Principal Amount Outstanding and Note Factor*), NAI will be allocated to each class of Notes (other than the Class X Note) in reverse sequential order, beginning with the Class D Notes.

NAI will represent, among other things, the amount of losses realised on the Loans after completion of all enforcement procedures in relation to the Loans and the Related Security.

Mandatory Redemption in Part

Unless a Note Enforcement Notice has been served, the Notes of any class (other than the Class X Note) will be subject to mandatory redemption in part on each Payment Date to the extent that there are any Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

The Class X Note is subject to mandatory redemption in part from amounts standing to the credit of the Class X Account on the first Payment Date in the amount of €45,000. The Class X Note will not otherwise be subject to redemption prior to their maturity, mandatory redemption or the enforcement in full of the Notes, unless:

(a) the principal balance of the Loans has been reduced to zero; or

(b) after payment in full of the Class A Notes, Class B Notes, Class C Notes and Class D Notes.

For further information about such mandatory redemption, see "Terms and Conditions of the Notes—Condition 6(b) (*Mandatory Redemption in part)*" at page 274.

Redemption in Full

The Notes will be subject to redemption in full, but not in part, together with any accrued interest by the Issuer at their Principal Amount Outstanding at the direction of $66^{2}/_{3}$ per cent. of the Controlling Class in accordance with Condition 6(c) (*Redemption for Tax or Other Reasons*) at page 279, if, as a result of a change in tax law from that in effect on the Closing Date, the Issuer will be obliged to make any withholding or deduction from payments due from it in respect of the Notes.

In addition, the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with any accrued interest on any Payment Date on which the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date. Prior to giving any notice of redemption of the Notes, the Issuer shall have provided to the Note 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 Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the Cash Management Agreement, the Deed of Charge and the relevant Priority of Payments.

For further information about the redemption of the Notes in these circumstances, see "Terms and Conditions of the Notes – Condition 6(c) (*Redemption in full for Tax or Other Reasons*)" at page 278 and Condition 6(e) "(*Optional Redemption in Full)*" at page 280.

Controlling Class and Operating Adviser

Controlling Class

With respect to the Notes, the "**Controlling Class**" will be the Most Junior Class of Notes (other than the Class X Note) outstanding from time to time which class has a total Principal Amount Outstanding (which, for the avoidance of doubt, is reduced by any NAI Amount in respect of such class of Notes) that is not less than 25 per cent. of the original Principal Amount Outstanding of that class as at the Closing Date. However, if no class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the Controlling Class will be the Most Junior Class of Notes then outstanding (other than the Class X Note). A member of the Controlling Class will have the right to appoint an adviser to act for them with respect to, among other things, the management of the Loans (the "**Operating Adviser**"). The Controlling Class may appoint one of its members to be the Operating Adviser. Initially, the Class D Notes will be the Controlling Class.

Operating Adviser

The Servicing Agreement will provide, among other things, that with respect to each Loan, the Noteholders of the Controlling Class will have no ability to take direct action in respect of the timing or manner of enforcement of any Related Security but will, as described above, have the right to appoint and remove an Operating Adviser. The appointment of the Operating Adviser will be deemed effective upon notification of such appointment by the Controlling Class to the Note Trustee, Servicer and the Special Servicer. The Controlling Class or the Operating Adviser (if one is so appointed) will, among other things, have the right to be consulted by the Special Servicer on certain actions with respect to a Loan in the event that the relevant Loan becomes a Specially Serviced Loan and the Operating Adviser will be entitled to require the Issuer (with the consent of the Note Trustee) or the Note Trustee, as the case may be, to terminate the appointment of the person then acting as Special Servicer in relation to a Loan and to appoint a successor which is acceptable to the Controlling Class, subject to receiving a Rating Confirmation from each of the Rating Agencies.

Available Funds and their Priority of Application

Sources of Available Funds

The primary sources of funds available to the Issuer to make payments of interest on and repayments of principal of the Notes, as well as discharging its other payment obligations from time to time will be as follows.

(a) Payments of interest on and repayments of principal of the Netherlands Loans. Such payments will be made to the Issuer on each relevant Netherlands Loan Payment Date and will, pending application on the next following Payment Date, be held by the Issuer in the Collection Account and invested in Eligible Investments.

(b) Payments of interest on and repayments of principal of the Portuguese Loan. Such payments will be made to the Issuer on each relevant Portuguese

Payment Date and will, pending application on the next following Payment Date, be held by the Issuer in the Collection Account and invested in Eligible Investments.

(c) The release of Credit Default Swap Collateral and payments of Credit Default Swap Income and Collateral Income. Payments of Credit Default Swap Income will be made by the Issuer on each Payment Date. Payments of Collateral Income will be made to the Issuer on each Italian Payment Date and will, pending application on the next following Payment Date, be held by the Issuer in the Collection Account and invested in Eligible Investments.

In addition, the Issuer may, under the appropriate circumstances, receive payments from the Interest Rate Swap Provider under the terms of the Interest Rate Swap Agreement and will also receive payments of interest in respect of amounts credited to the Class X Account from time to time. All such funds may, as described further below, be used by the Issuer to make payments of interest on the Notes, as well as discharging its other payment obligations.

Categorisation of Available Funds

On the Business Day immediately preceding each Payment Date (each a "**Calculation Date**"), the Calculating and Reporting Agent will, under the terms of the Cash Management Agreement, categorise the funds then standing to the credit of the Collection Account as follows:

(a) "**Interest Receipts**" which will be comprised of:

(i) all payments of interest, fees (other than Prepayment Fees), breakage costs, indemnity amounts and other sums not comprising Principal Receipts or Protected Receipts, if any, received by the Issuer on or prior to the relevant Calculation Date in relation to the Netherlands Loans and the Portuguese Loan and their Related Security in accordance with the terms of the relevant Credit Agreements in respect of each Loan Interest Period ending on or immediately prior to such Calculation Date;

(ii) any Enforcement Proceeds Amount (or part thereof) allocable to interest received pursuant to Enforcement Procedures in respect of the Italian Loan and the Italian Related Security received by the Issuer in the Calculation Period ending on such Calculation Date and not previously distributed;

(iii) recoveries received by the Issuer and allocable to interest upon an enforcement of the Netherlands Related Security or the Portuguese Related Security, as the case may be, and recoveries received by the Issuer and allocable to interest upon a

purchase or a repurchase of the Netherlands Loans or the Portuguese Loan, as the case may be, by the Originator in accordance with the terms of the relevant Loan Sale Agreement or by a third party in each case received by the Issuer in the Calculation Period ending on such Calculation Date;

(iv) on or following the occurrence of any Interest Rate Swap Reserve Release Condition, all or some of the amounts constituting the Interest Rate Swap Reserve;

(v) on or following the occurrence of a CPFM Maturity Cash Reserve Condition, the lesser of the CPFM Shortfall or all amounts constituting the CPFM Maturity Cash Reserve; and

(vi) any interest earned on the CPFM Maturity Repayment Amount save to the extent such amount constitutes a Protected Receipt.

(b) "**Principal Receipts**" which will be comprised of:

(i) all repayments or prepayments of principal received by the Issuer in relation to the Netherlands Loans and Portuguese Loan in accordance with the terms of the relevant Credit Agreements in respect of each Loan Interest Period ending on or immediately prior to such Calculation Date;

(ii) any Enforcement Proceeds Amount (or part thereof) allocable to principal received pursuant to Enforcement Procedures in respect of the Italian Loan and Italian Related Security received on or prior to such Calculation Date and not previously distributed;

(iii) any repayments of the Credit Default Swap Collateral received by the Issuer in accordance with the terms of the Collateral Holding Agreement to reflect any repayments or prepayments of principal in relation to the Italian Loan, or any repayments of the Credit Default Swap Collateral received by the Issuer upon termination of the Credit Default Swap Transaction in each case received by the Issuer in the Calculation Period ending on such Calculation Date (the "**CHA Collateral Receipts**");

(iv) recoveries received by the Issuer and allocable to principal upon an enforcement of the Netherlands Related Security or the Portuguese Related Security, as the case may be, and recoveries received by the

Issuer and allocable to principal upon a purchase or a repurchase of the Netherlands Loans (including but not limited to any purchase of the Randstad Loan by the Randstad Mezzanine Lenders) or the Portuguese Loan, as the case may be, by the Originator in accordance with the terms of the relevant Loan Sale Agreement or by a third party in each case received by the Issuer in the Calculation Period ending on such Calculation Date; and

(v) any Interest Receipts re-allocated pursuant to paragraph (h) of the Pre-Enforcement Revenue Priority of Payments on such Payment Date.

(c) "**Credit Default Swap Receipts**" which will be comprised of:

(i) all payments of Credit Default Swap Income due to the Issuer from the Credit Protection Buyer in accordance with the terms of the Credit Default Swap Agreement on the Payment Date immediately following such Calculation Date or otherwise recovered by the Issuer in the Calculation Period ending on such Calculation Date;

(ii) any collateral available to be applied against the obligations of the Credit Protection Buyer to pay the Credit Default Swap Income referred to in (i) above pursuant to the Credit Default Swap Agreement; and

(iii) all payments of Collateral Income received by the Issuer from the Collateral Holding Bank in accordance with the terms of the Collateral Holding Agreement in the Calculation Period ending on such Calculation Date.

(d) "**Interest Swap Receipts**" which will be comprised of all payments, not comprising Protected Receipts, received by the Issuer from the Interest Rate Swap Provider in accordance with the terms of the Interest Rate Swap Agreement in the Calculation Period ending on such Calculation Date and any collateral available to be applied against the obligations of the Interest Rate Swap Provider under the Interest Rate Swap Agreement.

(e) "**Protected Receipts**" which will be comprised of:

(i) all Prepayment Fees received by the Issuer in relation to the Portuguese Loan in accordance with the terms of the Portuguese Credit Agreement;

(ii) all Prepayment Fees received by the Issuer in relation to the Netherlands Loans in accordance with the terms of the relevant Credit Agreement;

(iii) all breakage payments received by the Issuer in relation to the Interest Rate Swap transaction in respect of the Portuguese Loan in accordance with the terms of the Interest Rate Swap Agreement and not used for other purposes as contemplated in the Servicing Agreement;

(iv) all breakage payments received by the Issuer in relation to the Interest Rate Swap Agreement (other than the breakage payments referred to in paragraph (iii) above) in accordance with the terms of the Interest Rate Swap Agreement and not used for other purposes contemplated in the Servicing Agreement;

(v) all interests received by the Issuer on the Issuer Accounts (other than the Class X Account (until such time as the Class X Note have been redeemed in full) and the Stand-by Account),

in each case in the Calculation Period ending on such Calculation Date; and

(vi) in respect of the Payment Date immediately following the CPFM Maturity Date or if earlier the Payment Date following prepayment in full of the CPFM Loan, any amount remaining in the CPFM Cash Reserve following any deduction made in respect of a CPFM Shortfall;

(vii) in respect of the Payment Date immediately following the Randstad Maturity date or if earlier the Payment Date following prepayment in full of the Randstad Loan, any amount remaining in the interest Rate Swap Reserve following any deductions that might previously have been made therefrom.

(f) "**Miscellaneous Receipts**" which will be comprised of all other amounts held or received by the Issuer not falling into any of the above categories in the Calculation Period ending on such Calculation Date (but excluding interest earned on the Class X Account and the Stand-by Account in such period) and shall also include any Principal Receipts which are reallocated in the event that there is a Revenue Shortfall or any Expenses Drawings which are made in the event that there is a Revenue Shortfall but shall not include all amounts deposited in an account of the Issuer or paid to or deposited with any custodian for or on behalf of the Issuer pursuant to:

(i) the IRS Credit Support Document which are not available and required as collateral for payments which the Interest Rate Swap Provider is, or might be, required to make under the terms of the Interest Rate Swap Agreement; and/or

(ii) the CDS Credit Support Document (together with the IRS Credit Support Document, the "**Credit Support Documents**") which are not available and required as collateral for payments which the Credit Protection Buyer (together with the Interest Rate Swap Provider (the "**Swap Counterparties**") is, or might be, required to make under the terms of the Credit Default Swap Agreement (together with the Interest Rate Swap Agreement (the "**Swap Agreements**").

The Calculating and Reporting Agent shall notify the Cash Manager of the categorisation of the Issuer's funds as described above and on the basis of such information, the Cash Manager shall, under the terms of the Cash Management Agreement, maintain a series of corresponding ledgers, being the Interest Receipts Ledger, the Principal Receipts Ledger, the Credit Default Swap Receipts Ledger, the Interest Swap Receipts Ledger, the Protected Receipts Ledger and the Miscellaneous Receipts Ledger and will, in accordance with the terms of the Cash Management Agreement, make entries into these ledgers in order to reflect the relevant receipts. The Cash Manager may also maintain such other ledgers as it considers necessary.

For further information about the obligations of the Cash Manager and the Calculating and Reporting Agent in relation to the categorisation of the Issuer's funds and the maintenance of the various ledgers, see "Cash Management" at page 230.

Pre-Enforcement Revenue Priority of Payments

Following the categorisation of the funds standing to the credit of the Collection Account on each Calculation Date, as described above, on the next following Payment Date, prior to service of a Note Enforcement Notice, the Cash Manager, acting on behalf of the Issuer in accordance with the terms of the Cash Management Agreement will apply the aggregate of the Interest Receipts, the Credit Default Swap Receipts, the Interest Swap Receipts and the Miscellaneous Receipts (together the "**Revenue Receipts**"), which shall not, for the avoidance of doubt, include Protected Receipts, but shall include any reallocation of Principal Receipts made pursuant to paragraph (a) of the Pre-Enforcement Principal Priority of Payments and any Expenses Drawing made in respect of a Revenue Shortfall determined on the Calculation Date immediately preceding such Payment Date and amounts representing interest earned on the Class X Account in the immediately preceding Calculation Period (but subject to the restrictions set out below) in the following order of priority (in each case only if and to the extent that the payments and provisions of the higher priority have been paid in full) (the

"**Pre-Enforcement Revenue Priority of Payments**"):

(a) in or towards payment or discharge of any amounts due and payable by the Issuer on such Payment Date to any of the following in the following order of priority:

(i) the Note Trustee and the Security Trustee and any receiver appointed by or on behalf of the Security Trustee in respect of a Loan or its Related Security, *pro rata* and *pari passu*;

(ii) *pro rata* and *pari passu*, the Paying Agents and the Agent Bank, pursuant to the terms of the Agency Agreement;

(iii) *pro rata* and *pari passu*, the Servicer and the Special Servicer pursuant to the terms of the Servicing Agreement in relation to their appointment in respect of the Assigned Loans and in relation to their appointment in respect of the Italian Loan howsoever that appointment arises;

(iv) *pro rata* and *pari passu*, the Cash Manager and the Calculating and Reporting Agent pursuant to the terms of the Cash Management Agreement;

(v) the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement;

(vi) the Operating Bank pursuant to the terms of the Cash Management Agreement;

(vii) the Collateral Holding Bank pursuant to the terms of the Collateral Holding Agreement;

(viii) the Interest Rate Swap Provider pursuant to the terms of the Interest Rate Swap Agreement in respect of any payments due to be made by the Issuer (other than payments in respect of Interest Rate Swap Subordinated Amounts to be made by the Issuer to the Interest Rate Swap Provider);

(ix) the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility Agreement (other than payments in respect of Liquidity Subordinated Amounts to be made by the Issuer to the Liquidity Facility Provider);

(x) in or towards payment of the Issuer Margin; and

(xi) the Modelling Agent pursuant to the terms of the Modelling Agreement;

(b) in or towards payment or discharge of sums due to third parties, including Periodic Fee Parties other than those contemplated in (a) above, under obligations incurred in the course of the Issuer's business, including provision for any such obligations which may fall to be discharged prior to the next following Payment Date and the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(c) in or towards payment to the Collection Account to fund the Interest Rate Swap Reserve in an amount not exceeding, on any Payment Date as determined by the Calculating and Reporting Agent, in accordance with the Cash Management Agreement, €2,000;

(d) *pro rata and pari passu* in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class A Notes and the Class X Note;

(e) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class B Notes;

(f) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class C Notes;

(g) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class D Notes;

(h) in or towards payment to the Cash Manager for allocation in accordance within the Pre-Enforcement Principal Priority of Payments an amount equal to the aggregate of Principal Receipts allocated to cure Revenue Shortfalls pursuant to paragraph (a) of the Pre-Enforcement Principal Priority of Payments from and including the first Payment Date less all sums which have been paid by the Issuer (or on its behalf) in accordance with this paragraph (h) on and from the first Payment Date;

(i) in or towards payment of any amounts, which in aggregate exceed 0.25 per cent. of the per annum Liquidity Commitment in respect of (i) any mandatory costs due to the Liquidity Facility Provider under the Liquidity Facility Agreement, (ii) 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, (including, without limitation, any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs) (together, "**Liquidity Subordinated Amounts**");

(j) in or towards payment or discharge of any amounts due to the Interest Rate Swap Provider under the

Interest Rate Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Interest Rate Swap Agreement, as a result of an event of default under the Interest Rate Swap Agreement in respect of which the Interest Rate Swap Provider is the Defaulting Party (as such term is defined in the Interest Rate Swap Agreement) or as a result of an additional termination event under the Interest Rate Swap Agreement following a ratings downgrade of the Interest Rate Swap Counterparty (together, "**Interest Rate Swap Subordinated Amounts**"); and

(k) any surplus to the Issuer or any other person entitled thereto.

The Issuer's obligation to pay interest in respect of the Class D Notes will be subject, on any Payment Date, to a maximum amount equal to the lesser of (a) the Interest Amount in respect of the Class D Notes, as calculated pursuant to Condition 5(d) (*Determination of Rates of Interest and Calculation of Interest Amounts for Notes*) at page 272 and (b) the Adjusted Interest Amount.

On each Calculation Date, the Calculating and Reporting Agent will determine whether the aggregate of Interest Receipts, Credit Default Swap Receipts, Interest Swap Receipts and Miscellaneous Receipts (in the last case, otherwise available and not including any reallocated Principal Receipts, as described below) will be sufficient to pay Periodic Expenses and if there is an insufficiency (a "**Revenue Shortfall**") then the Calculating and Reporting Agent shall so notify the Cash Manager. Upon receipt of such notification, the Cash Manager shall request a drawing in respect of such Revenue Shortfall in accordance with the Liquidity Facility Agreement (an "**Expenses Drawing**"), or, if it is not permitted to make an Expenses Drawing, in accordance with the Pre-Enforcement Principal Priority of Payments it will allocate Principal Receipts to cover such Revenue Shortfall. The Cash Manager will apply any such Expenses Drawings and re-allocated Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

To the extent that Revenue Receipts on any Payment Date, after paying any interest then due and payable on the most senior class of Notes then outstanding are insufficient to pay in full interest due on any outstanding class or classes of more junior-ranking Notes, the shortfall in the interest amount then due and payable will be paid, in accordance with the Pre-Enforcement Revenue Priority of Payments, on one or more subsequent Payment Dates if Revenue Receipts on such Payment Date or Payment Dates are sufficient to pay such amounts. Amounts representing interest earned on the Class X Account will only be available for the purpose of making payments of interest to the Class X Noteholder until such time as the Class X Note has been redeemed in full. Thereafter such amounts shall be deemed to be Revenue

Receipts and shall be available for application under the Pre-Enforcement Revenue Priority of Payments.

"**Calculation Period**" means the period from and including one Calculation Date to but excluding the next following Calculation Date.

Pre-Enforcement Principal Priority of Payments

Prior to the service of a Note Enforcement Notice following the categorisation of funds standing to the credit of the Collection Account on each Calculation Date as described above, (a) Principal Receipts and (b) the relevant amounts standing to the credit of the Class X Account will be applied on each Payment Date in accordance with the orders of priority described below (the "**Pre-Enforcement Principal Priority of Payments**"):

(i) first, in the event that a Revenue Shortfall exists on a Calculation Date and the Issuer is not permitted to make an Expenses Drawing in respect of such Revenue Shortfall under the terms of the Liquidity Facility Agreement, to the Cash Manager, in an amount equal to such Revenue Shortfall, to be applied by the Cash Manager in accordance with the Pre-Enforcement Revenue Priority of Payments (such amount being a "**Principal Reallocation Amount**").

(ii) second, to repay the Principal Amount Outstanding of the Notes in accordance with the applicable Principal Repayment Rules.

Principal Repayment Rules

The "**Principal Repayment Rules**" determine the manner in which Principal Receipts and other amounts available for distribution in accordance with the Pre-Enforcement Principal Priority of Payments are applied by the Cash Manager on each Payment Date. The Principal Repayment Rules vary depending on whether a Sequential Repayment Trigger has occurred.

The Principal Repayment Rules that apply prior to the occurrence of a Sequential Repayment Trigger are as follows:

(a) 50% of the Applicable Principal Amount shall be applied in accordance with the following order of priority:

(i) in repaying principal on the Class A Notes until the Class A Notes have been redeemed in full;

(ii) in paying that portion of the Class A Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(iii) in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iv) in paying that portion of the Class B Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(v) in repaying principal on the Class C Notes until all the Class C Notes have been redeemed in full;

(vi) in paying that portion of the Class C Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(vii) in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full; and

(viii) in paying that portion of the Class D Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(b) 50% of the Applicable Principal Amount shall be applied in repaying concurrently (*pari passu* and *pro rata*, according to the Principal Amount Outstanding of each class of Notes on such Payment Date after the payment of all amounts payable under paragraph (a) above) principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

(c) the Additional Sequential Amount shall be applied in accordance with the priority of payments described in paragraph (a) above;

(d) the CHA Collateral Receipts Primary Amount shall be applied in accordance with the priority of payments described in paragraph (b) above, after the application of 50% of the Applicable Principal Amount as contemplated in paragraph (b) above; and

(e) the CHA Collateral Receipts Secondary Amount shall be applied in accordance with the priority of payments described in (a) above.

For the purpose of the Principal Repayment Rules:

"**Applicable Principal Amount**" means, as at any Calculation Date:

(a) if the number of Loans outstanding at that Calculation Date is equal to or higher than two, Principal Receipts (excluding any CHA Collateral Receipt and any Principal Reallocation Amount), each as determined on that Calculation Date;

(b) if the number of Loans outstanding at that Calculation Date is equal to one, the lower of:

(i) Principal Receipts (excluding any CHA Collateral Receipt and any Principal

Reallocation Amount), each as determined on that Calculation Date; and

(ii) the **difference between**:

(A) the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the immediately preceding Payment Date; **and**

(B) 33% of the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the Closing Date;

"**Additional Sequential Amount**" means, as at any Calculation Date, the **difference between**:

(a) Principal Receipts (excluding any CHA Collateral Receipts and any Principal Reallocation Amount), each as determined on that Calculation Date; and

(b) Applicable Principal Amount as determined on that Calculation Date.

"**CHA Collateral Receipts Primary Amount**" means, as at any Calculation Date:

(a) if the number of Loans outstanding at that Calculation Date is equal to or higher than two, CHA Collateral Receipts as determined on that Calculation Date;

(b) if the number of Loans outstanding at that Calculation Date is equal to one, the lower of:

(i) CHA Collateral Receipts as determined on that Calculation Date; and

(ii) the **difference between**:

(A) the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the immediately preceding Payment Date reduced by any amounts applied in accordance with the Principal Repayment Rules described in (a) and (b) above; and

(B) 33% of the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the Closing Date.

"**CHA Collateral Receipts Secondary Amount**" means, as at any Calculation Date, the **difference between**:

(a) CHA Collateral Receipts as determined on that Calculation Date; and

(b) the CHA Collateral Receipts Primary Amount as determined by that Calculation Date;

Following the occurrence of a Sequential Repayment Trigger all Principal Receipts (excluding any Principal Reallocation Amount) shall be applied in accordance with the following order of priority:

(a) (i) in repaying principal on the Class A Notes until the Class A Notes have been redeemed in full;

(ii) in paying that portion of the Class A Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(iii) in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iv) in paying that portion of the Class B Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(v) in repaying principal on the Class C Notes until all of the Class C Notes have been redeemed in full;

(vi) in paying that portion of the Class C Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(vii) in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full; and

(viii) in paying that portion of the Class D Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(b) in respect of the first Payment Date, repaying principal on the Class X Note in an amount of €45,000 from amounts (other than interest) standing to the credit of the Class X Account only to the extent such funds are available and in respect of the final Payment Date in repaying principal on the Class X Note from amounts (other than interest) standing to the credit of the Class X Account only to the event such funds are available, until the Class X Note has been redeemed in full, such funds not being available, for the avoidance of doubt, to repay principal of any other class of Notes; and

(c) any surplus to the Issuer or other person entitled thereto,

provided always that any amounts standing to the credit of the Class X Account following the redemption in full the Class X Note (other than any interest accrued thereon) shall be deemed to be Principal Receipts and distributed in

accordance with the Pre-Enforcement Principal Priority of Payments.

"**Sequential Repayment Trigger**" for any Payment Date means any of the following circumstances:

(a) a Material Loan Default is outstanding; or

(b) the cumulative percentage of Loans (calculated by reference to their aggregate principal amount then outstanding and the aggregate principal amount outstanding of the Loans as at the Cut-Off Date) in respect of which a Material Loan Default has occurred since the Closing Date is greater than 25 per cent. of the aggregate principal amount outstanding of the Loans as at the Cut-Off Date; or

(c) the aggregate Principal Amount Outstanding of the Notes at any one time is less than or equal to 33 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date and the number of Loans then outstanding is one; or

(d) NAI amounts have been allocated to any class of Notes since the Closing Date, or there has been a failure to pay interest when due on any Note,

provided that, in relation to (a) and (b), in determining whether a Loan has been subject to a Material Loan Default:

(i) a Material Loan Default shall be deemed not to have occurred if such default has been remedied or cured in accordance with the terms of the underlying Credit Agreement; or

(ii) a Material Loan Default shall be deemed not to have occurred if in respect of a Loan, if Enforcement Procedures have been completed and the principal amount outstanding as well as all amounts of 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 (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).

provided also that if a Sequential Repayment Trigger has occurred on more than three occasions, a Sequential Repayment Trigger shall be treated as having occurred notwithstanding that it is not continuing.

"**Material Loan Default**" means, in relation to the occurrence of a Sequential Repayment Trigger:

(a) the failure of any Borrower to pay any sum (whether of principal, interest or otherwise) due and payable under or in connection with any Loan; or

(b) proceedings are initiated against a Borrower under any applicable liquidation, bankruptcy, insolvency or similar laws.

"**Enforcement Procedures**" means the procedures which the Servicer or, where relevant, the Special Servicer have in place from time to time for enforcement of the Loans and their Related Security.

Post-Enforcement Priority of Payments

Following the service of a Note Enforcement Notice, the Security Trustee or the Cash Manager (acting on behalf of the Security Trustee), as the case may be, will be required to apply the Revenue Receipts (provided that any amounts deposited into any account of the Issuer or paid to or deposited with any custodian for or on behalf of the Issuer by a Swap Counterparty pursuant to a Credit Support Document shall only be available for distribution as described below to the extent that such amounts represent amounts which the relevant Swap Counterparty is required to pay under the terms of the relevant Swap Agreement (other than pursuant to the provisions of the applicable Credit Support Document) but which it has not so paid) and the Principal Receipts received or recovered in accordance with the following order of priority, on each Payment Date (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), as more fully set out in the Deed of Charge (the "**Post-Enforcement Priority of Payments**"):

(a) in or towards payment or discharge of any amounts due and payable by the Issuer on such Payment Date in the following order of priority to:

(i) the Note Trustee, the Security Trustee and any receiver appointed by or on behalf of the Security Trustee pursuant to the Deed of Charge or any receiver appointed by or on behalf of the Security Trustee in respect of a Loan or its Related Security, *pro rata* and *pari passu*;

(ii) *pro rata* and *pari passu*, the Paying Agents and the Agent Bank pursuant to the Agency Agreement;

(iii) *pro rata* and *pari passu*, the Servicer and the Special Servicer pursuant to the Servicing Agreement in relation to their appointment in respect of the Assigned Loans and in relation to their appointment in respect of the Italian Loan however that appointment arises;

(iv) *pro rata* and *pari passu*, the Cash Manager and the Calculating and Reporting Agent pursuant to the Cash Management Agreement;

(v) the Corporate Services Provider pursuant to the Corporate Services Agreement;

(vi) the Operating Bank pursuant to the Cash Management Agreement;

(vii) the Collateral Holding Bank pursuant to the Collateral Holding Agreement;

(viii) the Interest Rate Swap Provider pursuant to the terms of the Interest Rate Swap Agreement in respect of any payments due to be made by the Issuer (other than payments to be made in respect of Interest Rate Swap Subordinated Amounts to be made by the Issuer);

(ix) the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement (other than payments to be made in respect of Liquidity Subordinated Amounts by the Issuer); and

(x) the Modelling Agent pursuant to the terms of the Modelling Agreement;

(b) in or towards payment of (i) interest due or overdue (and all interest due on such overdue interest) on the Class A Notes and the Class X Note, *pro rata* and *pari passu*; and after payments of all such sums, (ii) (A) all amounts of principal due or overdue on the Class A Notes and all other amounts due in respect of the Class A Notes until the outstanding principal balance of the Class A Notes is reduced to zero, and (B) from amounts (other than interest) standing to the credit of the Class X Account, all amounts of principal due or overdue on the Class X Note and all other amounts due in respect of the Class X Note to the extent such funds are available until the outstanding principal balance and all other amounts due in respect of the Class X Note is reduced to zero;

(c) in paying that portion of the Class A Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(d) in or towards payment of (i) interest due or overdue (and all interest due on such overdue interest) on the Class B Notes; and after payments of all such sums, (ii) all amounts of principal due or overdue on the Class B Notes and all other amounts due in respect of the Class B Notes until the outstanding principal balance and all other amounts due in respect of the Class B Notes is reduced to zero;

(e) in paying that portion of the Class B Notes that represents any outstanding NAI Amounts allocation to such Class (if any);

(f) in or towards payment of (i) interest due or overdue (and all interest due on such overdue interest) on the Class C Notes; and after payments of all such sums, (ii) all amounts of principal due or overdue on the

Class C Notes and all other amounts due in respect of the Class C Notes until the outstanding principal balance of the Class C Notes is reduced to zero;

(g) in paying that portion of the Class C Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(h) in or towards payment of (i) interest due or overdue (and all interest due on such overdue interest) on the Class D Notes; and after payments of all such sums, (ii) all amounts of principal due or overdue on the Class D Notes and all other amounts due in respect of the Class D Notes until the outstanding principal balance of the Class D Notes is reduced to zero;

(i) in paying that portion of the Class D Notes that represents any outstanding NAI Amounts allocated to such class (if any)

(j) in or towards payment or discharge of any Liquidity Subordinated Amounts under and in connection with the Liquidity Facility Agreement;

(k) in or towards payment or discharge of any Interest Rate Swap Subordinated Amounts under and in connection with the Interest Rate Swap Agreement; and

(l) any surplus to the Issuer, or any other person otherwise entitled thereto,

provided that if at the time a payment is in accordance with the Post-Enforcement Priority of Payments proposed to be made to an Issuer Secured Creditor (other than the Noteholders) and that Issuer Secured Creditor is in default under any of its obligations under any of the transaction documents under the terms of which it is required to make any payments to the Issuer, the amount of the payment which may be made to that Issuer Secured Creditor shall be reduced by an amount equal to such defaulted payment.

The Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Principal Priority of Payments and the Post Enforcement Priority of Payments is each referred to in this Offering Circular as a "**Priority of Payments**".

Expenses

Periodic Expenses are required to be calculated on each Calculation Date and paid by the Cash Manager prior to any distribution to the Noteholders as specified in the relevant Priority of Payments.

For these purposes, "**Periodic Expenses**" are the ordinary, recurring fees and, in the case of the Issuer Margin, return, payable to the Periodic Fee Parties in accordance with the Pre-Enforcement Revenue Priority of Payments or if applicable the Post-Enforcement Priority of Payments, that will be accrued in respect of each Interest Accrual Period and are due for payment on each Payment Date (including VAT

thereon) to the following persons (collectively, the "**Periodic Fee Parties**"):

(a) the Servicer (which fee is limited to the Servicing Fee) in relation to its appointment in respect of the Assigned Loans and in relation to its appointment in respect of the Italian Loan however that appointment arises;

(b) the Note Trustee;

(c) the Principal Paying Agent;

(d) the Agent Bank;

(e) the document custodian (if any);

(f) the Irish Paying Agent;

(g) the Security Trustee;

(h) the Common Depositary;

(i) the Cash Manager;

(j) the Calculating and Reporting Agent and the Modelling Agent;

(k) the Operating Bank;

(l) the Special Servicer in relation to its appointment in respect of the Assigned Loans and in relation to its appointment in respect of the Italian Loan howsoever that appointment arises;

(m) the Collateral Holding Bank

(n) the Issuer (only in respect of an amount equal to €500 per Interest Period (the "**Issuer Margin**")) to be retained in the Collection Account;

(o) the Corporate Services Provider and (to the extent not covered by the fees payable to the Corporate Services Provider) the Issuer's directors, advisors and accountants; and

(p) the Liquidity Facility Provider (which fee does not include interest and fees related to any drawings actually made).

Intra Period Payments and Protected Receipts

Should any Periodic Expenses (or other expenses) which are owed to entities which are not party to the Deed of Charge be due on a day other than a Payment Date, the Issuer may use funds then standing to the credit of the Collection Account or make an Expenses Drawing under the Liquidity Facility Agreement for the purpose of making such payment.

Protected Receipts will not, for the avoidance of doubt, be applied in accordance with the Pre-Enforcement Revenue Priority of Payments, Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, or indeed to discharge any other obligations of the Issuer, save as described in the next sentence. Rather, such amounts will be paid by the Issuer to the Originator in discharge of the Issuer's obligations to pay the deferred purchase price payable to the Issuer under the Netherlands Loan Sale Agreement or the Portuguese Loan Sale Agreement, as the case may be, depending on whether the relevant Protected Receipt arises in relation to the Netherlands Loans or the Portuguese Loan, as the case may be, or if not so identifiable, in relation to the Netherlands Loans.

The Issuer Security

The obligations of the Issuer to the Noteholders (other than the Class X Noteholder in respect of principal and the element of interest on the Class X Note derived from interest earned on the Class X Account) in respect of the Notes and to each of the Issuer Related Parties and the Originator (all of such persons or entities and any other entity acceding to the Deed of Charge as a beneficiary, being, collectively, the "**Issuer Secured Creditors**") will be secured by and pursuant to the Deed of Charge governed by English law between, among others, the Issuer and the Security Trustee, pursuant to which the Issuer will:

(a) assign by way of security all its rights, title, benefit and interest in, to, under or connected with the Portuguese Notarial Deed, the Assigned Loans and their Related Security sold to it pursuant to the Loan Sale Agreements, save insofar as such rights are secured pursuant to another security document entered into by the Issuer;

(b) assign by way of security all its rights, title, benefit and interest in, to and under the Transaction Documents to which is a party other than in respect of those Transaction Documents governed by laws other than English law and Irish law;

(c) grant a first ranking fixed charge over all its rights, title, benefit and interest in and to and the benefit of the Collection Account and any other Issuer Accounts (other than the Class X Account, the Stand-by Account, the Share Capital Proceeds Account and the Collateral Holding Account as to which see further below) and any amounts from time to time standing to the credit of each such account and the debts represented thereby;

(d) assign by way of security all of its rights, title, benefit and interest in, to and under any Eligible Investments and all monies, income, and proceeds arising or payable thereunder or accrued thereon and the benefit of all covenants relating thereto and all rights and remedies for enforcing the same; and

(e) grant a floating charge over the whole of its undertaking and assets present and future other than

any of the property, assets and undertaking of the Issuer effectively secured (i) by way of fixed security pursuant to paragraphs (a)-(d) above or (ii) under security interests created under any law other than English law.

In addition, under the Deed of Charge, the Issuer will create a fixed charge over the Issuer's interests in the Class X Account in favour of the Security Trustee on behalf of the Class X Noteholder.

Further, the Issuer will create, under the Deed of Charge, a first ranking fixed charge over the Issuer's interests in the Collateral Holding Account and amounts standing to the credit thereof in favour of the Security Trustee on behalf of the Credit Protection Buyer and a second ranking fixed charge over the Issuer's interests in the Collateral Holding Account and amounts standing to the credit thereof in favour of the Security Trustee on behalf of the other Issuer Secured Creditors.

The Issuer will also create, under the Deed of Charge, a fixed charge over the Issuer's interest in the Stand-by Account and the amounts standing to the credit thereof in favour of the Security Trustee and for the benefit of the Liquidity Facility Provider only.

The fixed security created by the Issuer may take effect as floating charges.

The Issuer will also grant a pledge in respect of the Netherlands Loan pursuant to an agreement (the "**Issuer Pledge Agreement**" and together with Deed of Charge, the "**Issuer Security Documents**") governed by Netherlands law between, among others, the Issuer and the Security Trustee.

For the avoidance of doubt, the Issuer will not grant a corresponding security interest governed by Portuguese law in respect of the Portuguese Loan and the Portuguese Related Security. However, the Issuer will enter into an Irish law governed declaration of trust in favour of the Security Trustee in respect of its interests in the Portuguese Related Security. The security interests granted by the Issuer in respect of and in connection with the Notes are together referred to in this Offering Circular as the "**Issuer Security**". Each element of the Issuer Security is intended to have first priority ranking save as otherwise described above.

Upon delivery of a Note Enforcement Notice, the amounts payable to the Issuer Secured Creditors (other than the Noteholders) will, with certain limited exceptions, rank higher in priority to payments of interest or principal on the Notes.

If the Issuer acquires any new asset in circumstances described in this Offering Circular it will grant security over such assets under the relevant law.

Upon delivery of a Note Enforcement Notice, all amounts owing to the Class B Noteholders will rank after all

payments on the Class A Notes and the interest payments on the Class X Note, all amounts owing to the Class C Noteholders will rank after all payments on the Class B Notes and all amounts owing to the Class D Noteholders will rank after all payments on the Class C Notes.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes the other assets (if any) of the Issuer will not be available for payment of any shortfall arising therefrom (which shortfall will be borne in accordance with the provisions of the Conditions and the Deed of Charge). All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Note Trustee, the Security Trustee, the Noteholders and the other Issuer Secured Creditors will have no further claim against the Issuer in respect of such unpaid amounts.

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that, except as set out above, (a) in the event of an enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes is limited to recourse against the Issuer Security, (b) the Issuer will have duly and entirely fulfilled its repayment obligation by making available to the Noteholder its relevant proportion of the proceeds of realisation of, or enforcement with respect to, the Issuer Security in accordance with the Conditions and the Deed of Charge and other security agreements entered into by the Issuer in respect of the Notes, and all claims in respect of such shortfall will be extinguished, and (c) if a shortfall in the amount owing in respect of principal of the Notes of any Class exists on the Maturity Date of any class, after payment on the Maturity Date of all other claims ranking higher in priority to the Notes or the relevant class of Notes and after the realisation by the Issuer of all assets the subject of or forming the Issuer Security, and the Issuer Security has not become enforceable as at the Maturity Date, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

RISK FACTORS

The following is a summary of certain issues of which prospective Noteholders should be aware in relation to their investment in the Notes, but it is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Some of the issues set out in this section of the Offering Circular are mitigated by certain representations and warranties or eligibility criteria, as the case may be, which will be provided in the Asset Transfer Agreements in relation to the Loans, the Related Security, the Properties and other associated matters (for further information in relation to such representations and warranties, see "The Loan Sale Process" at page 201 and for further information in relation to the Eligibility Criteria see "The Credit Default Swap Transaction" at page 206).

Factors Relating to the Loans and the Related Security in General

Default by Borrowers

The ability of the Issuer to meet its obligations under the Notes will be dependent on the receipt of, among other things:

(a) payments of interest and repayments of principal from the Netherlands Borrowers and the Portuguese Borrowers in accordance with their obligations under the relevant Credit Agreements and the proceeds of any sale of Disposal Assets;

(b) payments of Credit Default Swap Income from the Credit Protection Buyer in accordance with its obligations under the Credit Default Swap Agreement;

(c) payments of Collateral Income and releases of the Credit Default Swap Collateral from the Collateral Holding Bank in accordance with its obligations under the Collateral Holding Agreement;

(d) the proceeds of the enforcement of the Related Security or Enforcement Proceeds Amounts, following the occurrence of a default in respect of any of the Loans;

(e) payments from the Interest Rate Swap Provider under the Interest Rate Swap Agreement; and

(f) where necessary and applicable, the availability of drawings under the Liquidity Facility Agreement.

If, on a default in respect of the Loans or any of them and following the exercise of all available remedies in respect of the Loans, the Issuer does not receive all amounts owing in respect of the Related Security (or in the case of the Italian Loan, Enforcement Proceeds Amounts under the Credit Default Swap Transaction in an amount equal to all amounts owing in respect of the Italian Related Security), then Noteholders (or the holders of certain classes of Notes, at least) may receive, by way of principal repayment, an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes or certain classes of the Notes, at least. In addition, if the Credit Default Swap Transaction terminates prior to its scheduled termination date or a Credit Event occurs under the Credit Default Swap Transaction in respect of which a valid notice is delivered to the Issuer, then Noteholders (or the holders of certain classes of Notes, at least) may receive, by way of principal repayment, an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes or certain classes of the Notes, at least. The Issuer does not guarantee or warrant full and timely payment of any sums owing to it in respect of the Loans or the Credit Default Swap Transaction.

Each Loan is secured, in whole or in part, over income generating commercial property which is used for various purposes. Lending against the security of commercial property is generally perceived to expose lenders to a greater risk of loss than lending against the security of residential property. Prospective Noteholders should be aware that each Borrower is a Special Purpose Entity with limited access to capital beyond the net operating or rental income generated by the commercial property or

commercial properties it owns. Such cash-flow may be reduced under a variety of circumstances, for example, upon termination of an occupational lease (whether by the passing of time, exercise of a break option or upon a default by the tenant), if that occupational lease is not renewed or replaced or if operating expenses incurred by the Borrower in respect of the relevant commercial property or commercial properties increase beyond those anticipated by the Borrower and cannot be charged to the tenant or in the case of retail property if the turnover rent received from tenants falls as a result of a retail market downturn. Such cash-flow may also be reduced if capital expenditure is required to maintain or improve the property or properties in order to comply with obligations owed by the Borrower to tenants, obligations that the Borrower may have under applicable laws and regulations, or to attract new tenants in respect of the property or properties. In any of these circumstances, the relevant Borrower's ability to make payments of interest and repayments of principal in respect of its Loan may be impaired.

The Borrowers

The Borrowers are, by virtue of constitutional and/or contractual restrictions imposed upon them, entities, whose activities are restricted to the ownership and management of the relevant Property or Properties and entering into related financing arrangements ("**Special Purpose Entities")**.

However, not all of the Borrowers were newly formed entities at the time the Loans were originated. The Portuguese Property Owner was in existence prior to the origination of the Portuguese Loan, had owned the land on which the Portuguese Property was constructed and had entered into development arrangements in relation to the Portuguese Property. Similarly, the Italian Borrower was in existence prior to the origination of the Italian Loan.

While diligence was undertaken with respect to both the Portuguese Property Owner and the Italian Borrower at the time the relevant Loans were originated, and each has provided various representations relating to their respective liabilities, there can be no assurance that no liabilities exist in respect of the historic activities of these Borrowers. That said, both the Portuguese Loan and the Italian Loan have been in existence for some time, the Portuguese Loan having been originated in May 2003 and the Italian Loan having been originated in August 2003 and no claims based on historic liabilities have, as far as the Originator is aware, been made against the relevant Borrowers.

The New Portuguese Holdco Borrower is not a property owning Special Purpose Entity. Rather, it is a company which holds a number of real property related investments, of different types.

However, the rights and obligations of the New Portuguese Holdco Borrower which are not related to the Portuguese Loan or the Portuguese Related Security should not have any adverse impact on the Portuguese Property, in which the New Portuguese Holdco Borrower has no direct proprietary rights and which is, in any event, mortgaged in favour of the Portuguese Security Trustee and the Lender.

Dependency on Property

The ability of the Borrowers to service the debt owing in respect of the Loan Pool will be conditional upon the respective Properties generating sufficient net operating income to cover the expenses of owning and maintaining the Properties, as well as servicing such debts. In undertaking its assessment of each Borrower, the Originator had regard, in accordance with its normal loan origination procedures, to the fact that commercial properties must be maintained to a high standard in order to attract and retain high quality tenants, and that wherever a property is situated, maintenance must be performed in a scheduled and timely fashion in order to prevent a deterioration in the value or attractiveness of the property to tenants and prospective tenants.

Refinancing and Disposal

All of the Credit Agreements contain provisions requiring the relevant Borrowers to make a repayment of principal on the final maturity date prescribed thereunder. None of the Loans amortises to zero by its final maturity date and, therefore, a Borrower's ability to repay its Loan on the final maturity date will be dependent upon its ability to raise Refinancing Proceeds or Disposal Proceeds. The ability of a Borrower to refinance a Property, and thus generate Refinancing Proceeds, will be dependent, among other things, on the willingness and ability of lenders, which typically include banks, insurance

companies and finance companies, to make loans secured on the Property or Properties in question and, in certain cases, the Borrower's ability to enter into suitable hedging arrangements in connection with such refinancing. The availability of funds in the loan markets fluctuates from time to time, and there can be no assurance that funds in the amount required to refinance any particular Loan will be available to refinance that Loan on its final maturity date, thus impacting on the generation of Refinancing Proceeds. In addition, the availability of assets similar to a Property and competition for available debt finance may have a significant adverse effect on the ability of a Borrower to refinance or sell its Property or Properties, thus again impacting upon the generation of Refinancing Proceeds or Disposal Proceeds, as the case may be. Neither the Issuer nor the Originator is under any obligation to provide any such refinancing and there can be no assurance, for the reasons described above, that refinancing or disposal of Properties will raise sufficient funds, by way of Refinancing Proceeds or Disposal Proceeds, as the case may be, to allow each Borrower to repay its Loan in full on its final maturity date and therefore to allow the Issuer to repay the Notes of all classes in full on the Note Maturity Date.

Similarly, a failure to maintain a Property and carry out capital expenditure to preserve the rental value of a Property may result in the liquidation or refinancing value of the Property being less than the amount necessary to repay the relevant Loan in full and consequently the Noteholders, or the holders of certain classes of Notes, at least, may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may also be unable to pay in full interest due on the Notes or certain classes of the Notes.

The Properties

The Loans are fully secured by, among other things, first ranking and fully perfected mortgages over the Properties. The repayment of each Loan may be, and the payment of interest on each Loan is, dependent on the ability of the applicable Property or Properties to generate a regular periodic cash-flow. However, the income-producing capacity 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 the age, design and construction quality of the Property; perceptions regarding the safety, convenience and attractiveness of the Property; the proximity and attractiveness of competing properties; the adequacy of the Property's management and maintenance; an increase in the capital expenditure needed to maintain the Property or make improvements; a decline in the financial condition of a major tenant; a decline in rental rates as leases are renewed or entered into with new tenants; the length of tenant leases and the length of any void period between tenant leases; the creditworthiness of tenants; and the size of the real estate market in the relevant country and of the real estate market for the type of property in question in certain locations within that country.

Other factors which could have an impact on the value of a Property are more general in nature, such as: national, regional or local economic conditions (including plant closures, industry slowdowns and unemployment rates); local property conditions from time to time (such as an oversupply or under supply of retail or office space); demographic factors; consumer confidence; consumer tastes and preferences; retrospective changes in building codes or other regulatory changes; changes in governmental regulations, fiscal policy, planning/zoning or tax laws; potential environmental legislation or liabilities or other legal liabilities; the availability of refinancing; and changes in interest rate levels or yields required by investors in income-producing commercial properties.

Investors should note that the Properties, which constitute the ultimate security for the Notes, are located in three countries – the Netherlands, Portugal and Italy. There are substantive differences between the economic conditions in each of these countries, in the local property markets, and in demographic and consumer trends in each of these countries. Furthermore, the legal and regulatory regime in each of the three countries is unique to that country. For further information about the legal and regulatory regimes prevailing in each of these countries insofar as they relate to the relevant Loans and the Related Security, see "Certain Matters of Netherlands Law" at page 186; "Certain Matters of Portuguese Law" at page 191; and "Certain Matters of Italian Law" at page 196.

A deterioration in the commercial property markets in any of these three countries or in the financial condition of a major tenant of a Property 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.

There can be no assurance that leases on terms (including gross rents and service charges payable, and covenants of the landlord and tenant) equivalent to the leases existing in respect of the Properties as at the Closing Date will be achievable in the future, that market practices in the countries in which the Properties are located will not have changed, or that changes in law in the relevant countries will not limit the terms of leases in respect of any Property which is entered into after the Closing Date. Equally, there can be no assurance that the Borrowers, or their sponsors or shareholders, will be able to attract tenants of comparable credit quality to those that exist on the Closing Date to the Properties in the event that existing leases expire or are terminated. There can also be no assurance that the credit quality of the tenants of the Properties as at the Closing Date will not deteriorate over time. Such deterioration could happen for a variety of reasons. The leases on any of the Properties may terminate earlier than the contractual expiry date of the relevant lease if the tenant surrenders the lease or defaults under the lease. The ability of a Borrower to re-let its Property or Properties, and the rents achieved on the re-letting, will be dependent on the macro-economic and local economic conditions prevailing at the time of re-letting, as well as the condition of the affected Property or Properties and the availability of alternative properties to prospective tenants.

Any one or more of the factors described above could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause the relevant Borrower to default on making payments due in respect of its Loan, or impair the ability of a Borrower to refinance its Loan or sell its Property and may result in the liquidation value or refinancing value of the Property being less than the amount required to repay the Loan advanced against such Property. These factors will thus compromise the generation of Refinancing Proceeds or Disposal Proceeds, as well as Rental Income.

Property Management

The net cashflow realised from and/or the residual value of the Properties may be affected by property management decisions. The property manager appointed in respect of the Properties have wide discretions; in particular, the property managers are (subject to certain general restrictions) responsible for finding and selecting new tenants on the expiry of existing tenancies (and their replacements) and for negotiating the terms of the tenancies with such tenants subject to the approval of the relevant lender or security trustee under the Credit Agreements in most cases. While such persons are experienced in managing property of the same kind as the Properties, there can be no assurance that decisions taken by them or by any future property manager will not adversely affect the values and/or cashflows of the Properties.

Title to the Properties in the Netherlands

In the Netherlands, a person may own the legal (or freehold) title to a property (*eigendomsrecht*). This gives that person a full ownership right in respect of the land and the buildings on that land. Alternatively, a person may only have a building right (*zelfstandig opstalrecht*) (a "**Building Right**"). This does not give that person any ownership right in respect of the land itself but does give that person full ownership rights (until the expiry date of such Building Right) in respect of the buildings located on that land for a specified period of time. A person may also have a leasehold right (*recht van erfpacht*) (a "**Leasehold Right**") in respect of land and/or any buildings located on that land. This does not give that person any ownership rights in respect of that land or the buildings on that land but it does give that person the right to hold and use the land and the buildings. In the Netherlands, each of these rights would give the Borrower free and marketable title to the Properties (subject to any approval requirements that may exist on the basis of the terms of the relevant leasehold deeds (which are described further below)) and the Borrower would be regarded as the "owner" of the Properties (but in respect of the Leasehold Rights and the Building Rights, only until such rights expire).

If a Leasehold Right or a Building Right is granted for a fixed period then it will automatically expire at the end of that period. In addition, if a person holds a property subject to a Leasehold Right or a Building Right, then that person must comply with the terms and conditions of that Leasehold Right or Building Right, as the case may be. Such terms and conditions would include the payment of ground rent. If that person fails to pay the ground rent for two consecutive years or seriously fails in the performance of its other obligations under such terms and conditions, the owner (*eigenaar*) which has granted that Leasehold Right or Building Right may be entitled to terminate that Leasehold Right or Building Right. It is common for the ground rent payable in respect of a Leasehold Right or a Building

Right to be paid in advance for a specific period of time (e.g. 50 years). If a Leasehold Right or a Building Right is terminated, the owner will have the obligation to compensate the leaseholder in which event, the mortgage right will, by operation of law be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for compensation. The obligation to compensate can be explicitly excluded in the instruments creating the Leasehold Right or the Building Right. The relevant Netherlands Loans do not contain specific provisions with respect to the termination of leasehold rights or building rights. However, the amount of that compensation will, among other things, be determined by the conditions of the Leasehold Right or Building Right and may be less than the market value of that Leasehold Right or Building Right.

A number of the Netherlands Properties constitute Building Rights or Leasehold Rights, and accordingly the relevant Netherlands Borrowers are subject, in respect of such Netherlands Properties, to the restrictions described above in respect of the termination of the Building Rights or the Leasehold Rights.

The Tenants

A Borrower's ability to make its payments under its Credit Agreement will be substantially dependent on payments being made by the tenants of the relevant Property or Properties in relation to their rental obligations. Where a Borrower or, in the case of the Portuguese Loan, the Property Manager as landlord, is in default of its obligations under a lease agreement, a right of set-off could with certain limitations, be exercised by a tenant of the relevant Property in respect of its rental obligations or the tenants could otherwise default in relation to, rental obligations. In respect of a multi-tenanted Property, a Borrower or, in the case of the Portuguese Loan, the Property Manager would normally be obliged to provide services in respect of the relevant Property irrespective of whether certain parts of the relevant Property are unlet. The Borrower or, in the case of the Portuguese Loan, the Property Manager, in its capacity as landlord, in such circumstances, would have to meet any shortfall in recovering the costs of the services from its own resources which are limited, or risk the tenants exercising any further right of set-off to which they may be entitled.

Tenant Concentration

Each of the Italian Properties is occupied by a single tenant – Generali Supermercati S.p.A.. A deterioration in the willingness or ability of this entity to make payment in respect of the occupational leases entered into in relation to the Italian Properties could compromise the cashflow available to the Italian Borrower and hence its ability to make payments of interest on and repayments of principal in respect of the Italian Loan.

Any default in relation to the Italian Loan will lead to the Issuer being required to make a Credit Protection Payment and could impact on the cash-flow available to it to pay interest on or repay the principal of the Notes.

The Alliance Loan is secured by two Properties only, one of which is located in Eindhoven and one of which is located in Groningen. The CPFM Loan is secured by one Property only, which is located in Oosterhout. Thus, the number of properties securing these Netherlands Loans are limited.

Further, the Properties constituting security for the Alliance Loan are each occupied by a single tenant, in the case of one Property, Philips Lighting B.V. and in the case of the other Property, KPN Telecom B.V. Thus, failure by either tenant to make payments of rent could prejudice the ability of the Alliance Borrower to make payments of interest on or repayments of principal in respect of the Alliance Loan. Similarly, the Property constituting security for the CPFM Loan is also occupied by a single tenant, Whirlpool Netherlands B.V.. A failure by this tenant to make payments of rent could prejudice the ability of the CPFM Borrower to make payments of interest on and repayments of principal in respect of the CPFM Loan. In either case, this would compromise the cash-flow available to the Issuer.

The Rent Accounts

In order to ensure that rent payments from the tenants are applied by the Borrowers in meeting their obligations to pay interest on and repay the principal of the Loans, the Originator has structured the

Credit Agreements relating to the Alliance Loan, the CPFM Loan, the Randstad Loan and the Italian Loan so that payment of Rental Income is required to be made directly by the tenants to the Alliance Rent Account, the CPFM Rent Account, the Randstad Collection Accounts and the Italian Rent Accounts, as applicable (collectively, the "**Direct Receipt Rent Accounts**"). In the case of the Portuguese Loan, the Rental Income is paid directly to the Portuguese Property Manager's Portuguese Property Management Account (together with the Direct Receipt Rent Accounts, the "**Rent Receipt Accounts**") and is later transferred into the Portuguese Borrower's Portuguese Rent Account after deduction of the Portuguese Property Manager's fees which are payable under the Portuguese Property Management Agreement. Prior to the Closing Date, each Rent Receipt Account was secured in favour of the relevant Loan Security Trustee or Facility Agent and was controlled by the relevant Loan Security Trustee or Facility Agent (subject to the description appearing below). Each Borrower, and in the case of the Portuguese Loan, the Portuguese Property Manager and the Portuguese Property Owner, has agreed not to countermand or vary the instructions to its tenants as to the Rent Receipt Account to which its Rental Income should be paid. The tenants have been notified that payments are to be made into a Rent Receipt Account.

Control Over Bank Accounts

The Portuguese Credit Agreement requires that there are various bank accounts opened in respect of the Portuguese Loan, into which cashflow generated in respect of the Portuguese Property is paid. No such bank account, however, is controlled by the Lender or the Portuguese Security Trustee alone. Rather, control over such bank accounts is shared between the Portuguese Security Trustee and the Portuguese Property Manager, with the Portuguese Property Manager having control prior to the occurrence of an event of default in respect of the Portuguese Loan.

Thus, while the Portuguese Credit Agreement stipulates requirements for the application of cash-flow generated by the Portuguese Property, the fact that the Portuguese Property Manager has control over the relevant bank accounts gives rise to the possibility that the cashflow could be applied in a manner which is not consistent with such requirements.

Pledges granted over bank accounts may not, as a matter of Portuguese law, be enforceable against third parties to the extent that the entities which granted the pledges can have access to the relevant bank accounts.

Both the Alliance Credit Agreement and the CPFM Credit Agreement require that the respective Borrowers open various bank accounts into which cash-flow generated in respect of the relevant Properties is paid. No such bank account, however, is controlled by the Lender or the Netherlands Security Trustees alone. Rather, control over such bank accounts is shared between the relevant Netherlands Security Trustee, and the relevant Borrower, with the relevant Borrower having control prior to the occurrence of an event of default in respect of the relevant Loan.

Thus, while the Alliance Credit Agreement and the CPFM Credit Agreement stipulate requirements for the application of cash-flow generated by the relevant Properties, the fact that the Borrowers have control over the relevant bank accounts gives rise to the possibility that cash-flow could be applied in a manner which is not consistent with such requirements.

The Randstad Credit Agreement provides that the Randstad Obligors with the consent of the Randstad Security Trustee may grant a power of attorney to the managing agent to operate the Randstad Accounts other than the Randstad General Account for a period determined by the Randstad Facility Agent. Whilst the managing agent has control over the accounts there is a risk that cashflow could be applied in a manner that is inconsistent with the controls set out in the Randstad Credit Agreement. The Servicing Agreement provides that on the Closing Date the Servicer will use its reasonable efforts (at the cost of the Issuer) to procure that the Randstad Obligors grant new powers of attorney in favour of the Netherlands Facility Agent allowing it to operate all of the accounts other than the Randstad Collection Accounts, the Randstad Initial Backlog Maintenance Account, the Randstad Extraordinary Maintenance Reserve Account, the Randstad General Account and the Randstad Loan Prepayment Account (together, the "**Randstad Manager Accounts**"). The Randstad Obligors are also expected to grant new powers of attorney to the managing agent in respect of the Randstad Manager Accounts. The Randstad General Account and the Randstad Shareholder Loan Repayment Account will not be subject to control under either set of powers of attorney.

Insurance

Each Credit Agreement contains provisions requiring the relevant Borrower to insure their respective Properties against the risk of damage or destruction, third party liabilities and such other risks as a prudent owner of similar properties would insure against including (in respect of all the Loans other than the Alliance Loan) insurance against loss of rent.

Each of the Borrowers has ensured that the relevant Loan Security Trustee is noted as a loss payee or co-insured under each of the insurance policies maintained by it or has an appropriate interest in such insurance policies.

A failure by any of the Borrowers to keep the relevant insurance policies current may, on the occurrence of any damage to the relevant Property or loss of rent thereon, which would otherwise have been recoverable under such insurance policy, result in a corresponding loss in the value of such Property or payment recovery under the corresponding Credit Agreement. Similarly, even where the relevant insurance policy is current, there could be an administrative delay in obtaining payment by the Borrowers from the insurers which could affect the ability of the Borrowers to meet their respective payment obligations under the corresponding Credit Agreement during that period of delay.

Except for the Randstad Credit Agreement, none of the Netherlands Credit Agreements expressly requires the relevant Borrowers to obtain insurance against acts of terrorism, and so these relevant Properties are uninsured against this risk. In addition, certain types of risks and losses (such a losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or not economically insurable or are not covered by the required insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the Borrowers might not have sufficient funds to repay in full all amounts owing under or in respect of the relevant Credit Agreement.

Valuations

The Origination Valuations in respect of the Properties were provided by a number of independent qualified property valuation firms. The Origination Valuations express the professional opinion of the relevant valuers on the relevant Property or Properties and are not guarantees of present or future value in respect of such Property or Properties. Moreover, property valuation is, to an extent, a subjective process and one valuer may, in respect of the valuation provided in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner.

There can be no assurance that the market value of the Property will continue to equal or exceed the valuation contained in the relevant valuation report. If the market value of a Property fluctuates, there can be no assurance that its market value will be equal to or greater than the unpaid principal and accrued interest in respect of the Loan made in respect of such Property and any other amounts due under the relevant Credit Agreement. If the Property is sold following an event of default in respect of the relevant Loan, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due in respect of the relevant Loan.

Compulsory Purchase, Expropriation and Compulsory Transfer of Properties

Any property in the Netherlands, Portugal and Italy may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project. Other than in relation to the Portuguese Property, no such compulsory purchase proposals or compulsory transfer proposals were revealed in the course of the due diligence undertaken by the Originator at the time of the origination of the Loans.

Each of the Netherlands, Portugal and Italy has its own legal rules relating to compulsory purchase of property, providing a process pursuant to which a compulsory purchase of property may occur. Under

the legal rules of each country, the owners and occupiers of a property subject to a compulsory purchase proposal will be entitled to receive a market value based price for the property which is subject to compulsory purchase. In the context of the Properties, there can be no assurance, however, that the compulsory purchase price would be equal to the amount or portion of the relevant Loan secured upon such Property or that the compulsory purchase price would be paid prior to the scheduled maturity date of the Loan. This could undermine the ability of the affected Borrower to repay the principal of the relevant Loan, by reducing the generation of Disposal Proceeds. Moreover, under the legal rules of each country, a compulsory purchase order in respect of a property would have the effect of releasing the tenants thereof from their obligations to pay rent. In the context of the Properties, this could undermine the ability of a Borrower to pay interest on the relevant Loan by reducing the generation of Rental Income. Under the laws of the Netherlands, a compulsory purchase order in respect of a property has the effect of terminating the occupational leases that have been entered into in respect of the Property.

In the case of each of the Netherlands, Portugal and Italy, there may be a delay between the compulsory purchase of a property and the payment of compensation in relation to such compulsory purchase, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the market value of the affected property, or other means of determining the amount of compensation payable upon a compulsory purchase. Should such a delay occur in the case of a Property, then, unless the affected Borrower has other funds available to it, an event of default may occur under the affected Credit Agreement. Following the payment of compensation, the affected Borrower will be required to prepay all or such part of the amounts owing by it under the affected Credit Agreement, as applicable, as is equivalent to the compensation payment received. The proceeds of any such prepayment or, in the case of the Italian Loan, an amount of the Credit Default Swap Collateral equal to such prepayment, will be paid, ultimately, to the Issuer and will be applied by the Issuer to redeem the Notes (or part thereof). However, such redemption will be affected by the delays in receiving such payments.

Further to the above, a part of the Portuguese Property is subject to compulsory transfer to public domain, without any consideration or compensation owed to the Portuguese Property Owner, in accordance with the applicable planning regulations (*Plano de Pormenor da Guia*) and a Construction Permit of Infrastructures and Accesses (*Alvará de Construção*) issued on 7 January 2001. This obligation was disclosed to the Originator and to the Portuguese Security Trustee in the Portuguese Credit Agreement and in the Portuguese Security Agreements, and the transfer of that part of the Portuguese Property was taken into account in the determination of the Origination Valuation relating to the Portuguese Property. The due diligence undertaken at the time the Portuguese Loan was originated did not reveal any material impact from the compulsory transfer of that part of the Portuguese Property on the usage and operation of the Portuguese Property.

Force Majeure and Similar Matters

The laws of each of the Netherlands, Portugal and Italy recognise the doctrine of *force majeure* or similar doctrines, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that the tenants of Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of Rental Income and hence the ability of the relevant Borrower to pay interest on or repay the principal in respect of the relevant Loan.

In addition to the doctrine of *force majeure*, under Italian law a tenant has a statutory right to terminate, at any time, upon six months' notice to the landlord, a lease agreement entered into by it due to the occurrence of serious events (*gravi motivi*) which are outside a tenant's control and which were unforeseeable at the time a lease agreement was entered into and which render extremely burdensome (rather than impossible) the performance of such lease agreement by the tenant. The Italian Supreme Court (*Corte di Cassazione*) has, in decided case law, stated that the need to transfer an activity carried out in the rented premises to another location may be considered as a *grave motivo* for the purposes of Italian law, but only to the extent that such transfer was not made at the request of the tenant and that it arose after the commencement of the relevant lease agreement. In the same ruling, the *Corte di Cassazione* also confirmed the principle that *gravi motivi* are considered unforeseeable events which render the use of the leased real property, as originally planned,

burdensome for the lessee.

The *Corte di Cassazione* has stated that both the failure of a region to achieve a pre-announced plan of growth, if a tenant has relied on such pre-announced plan and unforeseeable economic trends, may represent *gravi motivi*.

The *Corte di Cassazione* also stated that the termination by a lessee of the activities for which the property was used does not represent, *per se*, a suitable requirement for the tenant to exercise its right of withdrawal on grounds of *gravi motivi*, because this is considered a subjective decision of the lessee and not an objective and unforeseeable event arising after the affected lease was entered into.

Risks Relating to Planning

The laws of each of the Netherlands, Portugal and Italy impose regulations that require buildings to comply with local planning requirements. Violation of local planning regulations can have consequences such as the imposition of a fine on the owner of the relevant building, a requirement that alterations are made to the relevant building or, in certain circumstances, the demolition of the relevant building or the relevant part thereof which violates the local planning requirements. The due diligence undertaken at the time the Loans were originated did not reveal, in the case of any of the Properties, any material non-compliance with local planning requirements. However, such due diligence was based on a documentary review rather than a detailed physical examination of each of the Properties to ensure compliance and no assurance can, therefore, be provided that there, in fact, are no breaches of local planning requirements. Nor can there be any assurances that such breaches do not occur after the origination of the Loans, notwithstanding covenants which require compliance being contained in the Credit Agreements.

Statutory Rights of Tenants

In certain circumstances, a tenant of a property may have legal rights enforceable against its landlord that may delay the payment of rent, or reduce the amount of rent payable, to the landlord. These rights vary, to some extent, between the Netherlands, Portugal and Italy and so each country is dealt with in turn.

The Netherlands

In general, parties are free to agree to any terms relating to the leasing of property. However, there are several mandatory provisions of law provided in the Netherlands Civil Code which apply to occupational lease agreements. First, the provisions regarding general contract law apply. Secondly, the provisions of general lease law apply. Finally, there are also provisions specific to the type of lease agreement, for example residential, commercial (which includes shops, restaurants etc.) or offices, which also apply. The occupational lease agreements relating to the Netherlands Properties are mainly office lease agreements but there is also one retail lease agreement. Certain of these provisions may affect the cashflow derived from the relevant Properties or the value of the relevant Properties and are described in more detail below.

General contract law

If a party to a contract (such as an occupational lease agreement) believes that circumstances have occurred which are of such a nature that the other party (according to certain criteria regarding reasonableness and fairness) could not expect that contract to continue in its current form, that party may, under the *imprévision* provisions of the Netherlands Civil Code, apply to court for a modification of that contract or for that contract to be set aside in whole or in part. Thus, on this theory, the terms of a contract governed by Netherlands law may, as a matter of Netherlands law, be modified by order of the courts rather than agreement between the parties.

General lease law

If a tenant breaches any of its obligations under a lease agreement (including a failure to pay rent), the landlord may not terminate or dissolve that lease agreement without the permission of the Netherlands courts. However, if the leased space is completely destroyed, the lease can be

terminated by either party. If the leased space is only partially destroyed, a tenant has the option to terminate the lease agreement or claim a reduction of the rent.

Office space

There are no statutory minimum terms for the lease of office space, nor are there any regulations relating to the amount of rent payable or to rent reviews in respect of office space. However, the Netherlands Civil Code does contain mandatory provisions with regard to eviction protection at the end of the lease term, as further described below.

A lease agreement for office space will terminate at the end of the agreed term or upon termination in accordance with the lease agreement by one of the parties. In order to oblige a tenant to vacate the leased premises, the tenant must be given a notice of eviction by means of a bailiff's notification or a registered letter. The obligation to vacate is subsequently suspended for two months by law from the date of eviction stated in the notice of eviction. However, a tenant is not entitled to a suspension of eviction if the lease was terminated by that tenant or if the tenant has expressly agreed to the termination or if the tenant was ordered to evict the leased premises as a result of a breach of its obligations under the lease. If the tenant is entitled to a suspension from eviction, the tenant may within the abovementioned two month period request the Netherlands courts to extend the suspension term. Upon filing of such a request, the obligation to vacate is further suspended after expiry of the initial two month period until a judgment has been given by the Netherlands court. The Netherlands court can extend the suspension term for a period of up to one year. Furthermore, the tenant may extend the suspension term twice more i.e. the suspension term may be extended for a maximum period of three years. The request of the tenant for extension of the suspension term will only be granted by the court, if the eviction would be more seriously damaging to the interests of the tenant than to the interests of the landlord. A suspension request will be denied, for example, if the tenant has made improper use of the leased premises or if the tenant has previously agreed to the termination or vacation.

If the eviction is suspended then the (former) tenant is not required to continue to pay rent at the contractual rate; the parties will be required to agree a new rate. If the parties cannot agree on a new rate, the court can determine the rate at the request of one of the parties, the rate determined being reasonable by reference to the rate which is paid in respect of other similar properties. There is therefore a risk that in these circumstance the amount of rent received by a Borrower in relation to a Netherlands Property will be reduced which may affect its ability to make payments and ultimately, therefore, the Issuer's ability to make payments of interest on and repayments of principal under the Notes.

Retail Space

Lease agreements relating to retail space are legally required to be in force for five years. If a longer term is agreed on, this term shall apply. If the parties agreed on a term between two and five years, the lease agreement shall nevertheless be in force for five years. A lease agreement entered into for five years shall continue for another five years automatically, unless terminated on the basis of a limited number of statutory grounds. If parties entered into a lease agreement for a period between five or ten years, the lease agreement shall continue for another term of such length that the two terms together come to a total of ten years. After a period of ten years has elapsed, the lease will continue for an indefinite period, unless the parties have agreed otherwise. The aforementioned provisions do not apply to a lease agreement which is entered into for a maximum period of two years. In practice most lease agreements have a term of five years with one or more options for the tenant to extend the lease for one or more periods of five years. The lease agreement does not come to an end just because the fixed term elapses. Notice of termination given by one of the parties is required. The notification period is at least one year. If a tenant gives notice of termination of the lease agreement at the expiry date of a lease period, the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the consent of the tenant, it will continue until it is terminated by the appropriate Netherlands court. The court will terminate the lease if one of the four situations described in the law occurs. These situations are: (a) the tenant has not conducted its business as a good tenant ought to have; (b) the landlord has an urgent need to use the property itself (which ground for termination cannot be claimed within three years after the landlord became the owner of the property); (c) the use of the property is not according to the current zoning

plan and the landlord wants to bring the factual situation in line with the zoning plan; and (d) the tenant does not accept a reasonable offer to enter into a new lease agreement. Furthermore, the lessor may terminate the lease agreement after ten years by virtue of the fact that its interest in termination of the lease agreement outweighs the interests of the lessee in continuation of the lease agreement.

The rent will be set for each term. The rent can be adjusted at the end of a lease term or, if the lease runs for an indefinite period of time, every five years in accordance with the following. If the current rent does not correspond with the rent of comparable leased properties in the area, the tenant and the lessor may request the court to determine a new rent. However, before the parties address the court they must have appointed an expert on valuation, who will advise the court on the review of the rent. If the parties fail to reach an understanding on the appointment of an expert, the court will appoint one. The court can decide that the new rent will be increased gradually over a maximum period of five years. There is therefore a risk that such rent reviews will lead to a lower rent than was previously received by a Borrower, which may affect the ability of the Borrower to make payments of interest and repayments of principal in respect of the Loan made to it, and hence the ability of the Issuer to meet its obligations in respect of the notice.

Rent Reductions

In relation to the Alliance Loan, the terms of the lease agreement with KPN Telecom B.V. allow the tenant to require that the amount of the rent payment it is required to make is reset to reflect the market rent prevailing from time to time, even if the reset rent is less than the amount of rent initially payable by the tenant at the commencement of the lease.

Thus, if market rent in Groningen declined below the levels they were at when this lease was initially entered into, and the tenant exercised its rights to require a reduction in the rent payable by it, the cash-flow available to the Alliance Borrower would be reduced, impacting on its ability to pay interest on and repay principal of the Alliance Loan. This would, in turn, reduce the cash-flow available to the Issuer to meet its various obligations.

The terms of the lease entered into with Philips Lighting B.V. contain a similar provision, though in this case the reset rents may not be lower than the rent payable when the lease was entered into. In relation to the Randstad Loan, 15 of the 30 most significant lease agreements contain a provision which allows either party thereto to request a rent review on a periodic basis, so as to enable the rent to be reset at the then prevailing market rent. While three of these 15 leases do not allow the reviewed rent to be less than the rent at the time the lease was entered into, the remaining leases are different, and the rent review process may therefore result in the bases being reviewed to a level which is less than that which it was at the time the lease was entered into.

Portugal

The tenancy agreements in force in relation to the Portuguese Property were structured and characterised by the parties thereto as agreements for the assignment to the shopkeepers of the right to use certain units in the shopping centre for retail or storage use, also including the rendering of specified services by the Portuguese Property Manager to tenants and services relating to the Portuguese Property (such contracts being labelled as "Agreements for the Utilization of Units within a Shopping Centre" or *Contratos de Utilização de Loja em Centro Comercial)*.

These kind of tenancy contracts within shopping centre schemes are treated under Portuguese law as atypical lease arrangements, not subject to the statutory legal regime that governs commercial leases in general. Therefore, no specific statutory law applies and the landlord and tenant are free to agree on the terms and conditions of the occupational leases, subject only to the general principles and provisions of Portuguese civil law on contracts and obligations. Notably, the qualification of these occupational leases as "utilization agreements" (rather than as commercial leases) excludes any statutory right of the tenants to the renewal of the leases after contractual term, as well as any statutory legal restrictions on termination and rent review.

Several decisions of the Portuguese courts have upheld the qualification of these kinds of lease arrangements within shopping centres as atypical contracts, not governed by statutory commercial

lease law, although there is the risk that a Portuguese court may decide to the contrary in the future and apply any provisions of statutory commercial lease law to the contractual arrangements in place between the Portuguese Property Owner (and/or the Portuguese Property Manager) and tenants within the Portuguese Property. The due diligence undertaken at the time the Portuguese Loan was originated did not reveal any case law or decision of the Portuguese courts which may have a material adverse effect on the qualification, validity or enforceability of the occupational leases entered into with tenants of the Portuguese Property.

Italy

According to Law No. 392 of 27th July, 1978, as subsequently amended, which governs lease agreements concerning municipal properties (*locazioni di immobili urbani*), certain statutory rights are granted to tenants.

As far as commercial properties are concerned, such statutory rights include:

(a) that the lease period cannot be shorter than six years or, if the leased property is intended to be used as a hotel, nine years. Should the parties agree on a lease period shorter than the applicable period provided by the law, then the lease agreement will be automatically lengthened to the minimum statutory duration period;

(b) lease agreements are subject to automatic renewal for a period corresponding to the original duration or, under certain circumstances, the minimum statutory term, unless either party gives notice to the other party by means of registered mail of its intention not to renew the lease. Any such notice of non-renewal must be sent at least 12 months prior to the scheduled expiration date (18 months in case of properties used for hotel activities). It should, however, be noted that the lessor can prevent the first automatic renewal of the lease by serving a non-renewal notice only when he intends: (i) to use the leased property as his own residential property, or as the residential property of his spouse, or of his close relatives; (ii) to use the leased property for his own (or his spouse's or his relatives') commercial activity; (iii) to demolish the leased property or proceed with its integral restructuring or carry out repairs in order to comply with municipal requirements; or (iv) to restructure the leased property in order to render it available for sale to the public in accordance with the relevant provisions of law. Any lessor intending to benefit from such right of non-renewal must give notice of its intention to the tenant at least 12 months (or 18 months in case of properties used for hotel activities) before the first expiration date, by means of registered mail. The notice must specify the legal basis upon which the non-renewal notice is being served and the basis upon which renewal is being denied. If the lessor does not carry out the activities on which denial of renewal is based within six months of the first expiration date, he will become liable for damages vis-à-vis the tenant and, should the latter so require, he will be also obliged to renew the lease agreement;

(c) in case of termination of a lease which is not attributable to withdrawal or breach by the tenant, the tenant is entitled to claim against the lessor an indemnity for the loss of the commercial goodwill equal to 18 months' rent (21 months' rent in case of properties used for hotel activities). The tenant is also entitled to the right to claim a further indemnity should the leased property be used within one year from the termination of the lease for the purposes of the same commercial activities or commercial activities included in the same trade-category of those carried out by the previous tenant;

(d) the tenant cannot sub-lease the premises without the consent of the lessor unless the lease agreement is transferred to a third party who has acquired the tenant's business as a going concern;

(e) the agreed rent is subject to annual increase. Such increase cannot, however, exceed 75 per cent. of the variation of the purchasing power of Euro as established by the Italian National Institute of Statistics;

(f) if the lessor intends to sell the leased property, it must serve notice of its intention to the tenant. Such notice shall expressly include (i) the sale price and (ii) the other relevant sale

conditions as well as (iii) an invitation to the tenant to exercise its pre-emption right. Certain consequences will ensue upon a violation of the lessee's pre-emption right, including the right of the tenant to take back (*riscattare*) the property from the third party purchaser;

(g) if the lessor intends to lease the demised premises to third parties at the expiration of the lease, it must serve notice of the offers made by the third parties to the existing tenant, who will have a pre-emption right if it agrees to accept a new lease on the same terms as the terms offered by the landlord to the third parties; and

(h) Italian courts may in certain circumstances grant time for payment to a tenant, whose delay in the payment of rent and other amounts owing under its lease is due to its proven poor financial condition.

The exercise of any such rights may affect the ability of the Italian Borrower to meet its obligations under its Italian Credit Agreement, which in turn may result in the receipt by the Originator of an amount that is less than the principal amount outstanding under the Italian Credit Agreements and the full amount of interest payable in respect thereof. This would result in the Issuer being obliged to make a Credit Protection Payment.

In addition the occupational leases relating to the Italian Properties, the tenant, Generali Supermercati S.p.A., has a pre-emption right to acquire any Italian Property that may be sold by the Italian Borrower. If this pre-emption right is exercised, the tenant is required to pay the market price at which for the relevant Italian Property is offered to the third party.

The pre-emption right would be exercisable even in relation to a sale of the Italian Properties occurring as a result of an enforcement of the mortgages over the Italian Properties. However, as indicated above, the exercise price must be the price at which relevant Italian Properties are offered to the third party. Further, the pre-emption right does not affect the sale of the quotas of the Italian Borrower, rather than a sale of the Italian Properties, or any of them.

Property Owners' Liability to Provide Services

Occupational tenancies will usually contain provisions for the relevant tenant to make a contribution towards the cost of maintaining common areas calculated with reference, among other things, to the size of the premises demised by the relevant tenancy and the amount of use which such tenant is reasonably likely to make of the common areas. The contribution forms part of the service charge payable to the landlord (in addition to the principal rent) or to the Portuguese Property Manager in accordance with the terms of the relevant tenancy.

The liability of the landlord in each case to provide the relevant services is, however, not always conditional upon all such contributions being made and consequently any failure by any tenant to pay the service charge contribution on the Loan Payment Date or at all would oblige the landlord to make good the shortfall from its own monies. The landlord would also need to pay from its own monies service charge contributions in respect of any vacant units and seek to recover any shortfall from the defaulting tenant using any or all of the remedies that the landlord has under the lease to recover outstanding sums.

In the context of the Properties if a Borrower was subjected to any such obligation, its ability to pay interest on and to repay the principal of its relevant Loan would be compromised.

Environmental Risks

The Netherlands

Under the Soil Protection Act (*Wet bodembescherming*), anyone with a right to a property on which there is soil or groundwater may be ordered to conduct a soil investigation if that person was or is an industrial user of the property. If the contamination is serious, that person may also be ordered to take temporary containment measures. In addition, the owner (*eigenaar*) or leaseholder (*erfpachter*) of a seriously contaminated property or anyone who may have caused that contamination may be ordered to conduct a soil investigation. If the contamination is serious such person may also be

ordered to conduct a clean-up investigation, to clean up the property, to take temporary containment measures or to produce a clean-up plan. The Netherlands Borrowers would therefore be primarily liable for the costs of any cleaning up any such contamination relating to the Netherlands Properties.

Under Netherlands law, a mortgagee is not considered to be an owner or a leaseholder. It is, however, possible that in certain circumstances (for instance, if the contamination is ongoing and the mortgagee exercises a significant degree of control or management over the use of the property) the mortgagee could be considered to be an industrial user and/or polluter.

The authorities may also conduct the investigation and clean-up operations themselves. The costs may then be recovered from the polluter or from any persons unjustifiably enriched (*ongerechtvaardigd verrijkt*) by those measures, to the extent of the enrichment. The government may consider that a mortgagee may be enriched by clean-up operations conducted by such an authority. This suggests that it is possible that a mortgagee could be confronted with an unjustified enrichment claim to the extent that the mortgagee actually profits from the clean-up.

Under general Netherlands tort law, the owner of a contaminated property has a duty to take measures to prevent the contamination spreading to any neighbouring land and must clean up any such neighbouring land if the contamination has already spread to it.

In addition, a tenant might be entitled to suspend its obligations to pay the rent to the owner or leaseholder if its quiet enjoyment under the relevant lease is disrupted as a result of the property being contaminated.

The Netherlands Borrowers represent in the Netherlands Credit Agreements, among other things, that there are no breaches of environmental laws which could reasonably be expected to have a material adverse effect.

Portugal

As a matter of general Portuguese law, the Portuguese Property is subject to standard liabilities and procedures regarding public health and safety, noise control, waste water discharge and waste management (as may be applicable). There are permits required to be obtained and maintained in relation to wastewater discharge and hazardous waste management (if applicable to the Portuguese Property). The Portuguese Property includes food and beverage outlets to which these issues would, in particular, apply.

In the case of breach of any applicable environmental laws or regulations, depending on the circumstances and the nature of the violations the remedies available to the relevant authorities typically are:

(a) imposing fines for violation of environmental standards and requirements; or

(b) imposing a restraining order regarding any on-going activity in the property in violation of applicable environmental standards and requirements. The relevant property owner shall, as a matter of Portuguese law, have the ability to make representations to the relevant environmental authorities before any final decision/action is taken against it or affecting the property by such environmental authorities. Such a decision or action, once taken, may be challenged in court by the parties affected.

It should be noted that the Portuguese Borrowers provided a representation relating to compliance with environmental laws under the Portuguese Credit Agreement and are subject to a covenant, also under the Portuguese Credit Agreement, to comply with all applicable laws as well as a covenant under the Portuguese Credit Agreement to comply in all material respects with all environmental laws. Furthermore, it is within the scope of the services to be provided by the Portuguese Asset Manager under the asset management agreement relating to the Portuguese Property to assist and advise the Portuguese Property Owner on the implementation of best environmental practices in relation to the Portuguese Property and on promoting environmental awareness among shopkeepers and clients.

Italy

As regards the Italian Properties, the environmental and occupational health and safety obligations and liabilities of property owners under the applicable Italian laws and regulations include the following:

(a) owners of Italian properties have no direct obligations as regards land investigations and monitoring. However, in accordance with Article 17, Paragraph 10 of Decree No. 22/1997, the obligation to put into effect emergency safety measures, clean-up and reclaiming works of the polluted area, constitutes an encumbrance (*onere reale*) on the polluted sites and, as a consequence, the owner of the site will, as such, assume liability therefore, even if it did not cause the pollution, if the person who did cause the pollution cannot be identified or if the previous owner did not perform the required works. The owner's liability for pollution caused by other parties is therefore ancillary to the responsible person's primary liability; and

(b) failure to comply with regulations regarding asbestos is punishable by special administrative and criminal sanctions and with the sanctions provided by the general law on safety in the workplace. The due diligence reports delivered on origination of the Italian Loan did not specify any currently existing breach of Italian regulations regarding asbestos in relation to the Italian Properties.

Italian law provides for certain safety standards to be complied with in relation to buildings such as the Italian Properties. If such standards are not complied with, certain remedial measures will have to be implemented by the owners of the Italian Properties.

If an environmental liability arises in relation to any Italian Property and is not remedied, or is not capable of being remedied, this may result in an inability to let or continue the lease of the affected Italian Property, either at all or at full market rent, or to sell the affected Italian Property, or in a reduction in the price obtainable on sale of the affected Italian Property, and, consequently, may result in a shortfall in, and/or in delays in, the payment of principal and interest due on the Italian Loan which may result in payment of the Credit Protection Payment to the Credit Protection Buyer and, correspondingly, a reduction in the amounts available to the Issuer to fund payments of principal and interest due on the Notes. In particular, the holders of more junior-ranking Notes may not receive repayment in full of such Notes, and the Issuer may be unable to pay in full the interest due on all classes of Notes.

Property Expenses

Maintaining the value of the Properties is dependent, to some extent, on undertaking periodic capital expenditure in respect thereof. In the ordinary course of events, the Borrowers will fund such capital expenditure out of cash-flow available to them, generated by the Properties. Such capital expenditure may be required, however, following the occurrence of an event of default in respect of a Loan. In this scenario, it is unlikely that the Borrowers, would be able to fund such capital expenditure out of cash-flow available to them. In the event that the necessary capital expenditure is not undertaken, this could lead to a diminution in the value of the relevant Property, impacting on the liquidation or refinancing value thereof and hence the ability of the relevant Borrower to repay its Loan through the generation of Refinancing Proceeds or Disposal Proceeds. This would consequently impact upon the ability of the Issuer to make full and timely payments on some or all of the classes of the Notes. The possibility of such diminution in value would be heightened in the event that the enforcement proceedings following an event of default in respect of a Loan are protracted.

Enforcement Restrictions

As a matter of Italian law, the enforcement of the Italian Related Security would not be permitted in circumstances where the relevant default would have "light importance" to the Lender. The question of whether or not a default has "light importance" is determined by the Italian courts on a case by case basis. There are no clear principles on what constitutes "light importance" but it is generally felt that a material payment default or insolvency of the borrower would not be regarded as having light importance.

Under the terms of the documentation relating to the Alliance Related Security, enforcement action may only be taken on the event of a "serious default". Thus, not every event of default under the Alliance Credit Agreement will give rise to a right to enforce the Alliance Related Security.

There is no case law in the Netherlands which explains how the term "serious default" would be construed by a Netherlands court. However, it is likely that a material payment default by the relevant Borrower would be regarded as a serious default.

In addition, as a matter of Netherlands law, security can only become enforceable on the occurrence of a payment default regardless of whether the security documentation suggests it can be enforced in other circumstances, such as, in the case of some of the Netherlands Related Security, the occurrence of a Netherlands Event of Default under the relevant Netherlands Credit Agreement.

Outstanding Mortgages

Five of the Italian Properties are encumbered by prior ranking mortgages which have already been released, are in the process of being released or that are relating to financing arrangements that have been discharged. While those mortgages continue to be registered in the relevant Italian land register, they do not have any material adverse effect on the mortgages constituting part of the Italian Related Security.

Risks relating to Conflicts of Interest

Conflicts of interest may arise between the Issuer on one hand, and the Originator, on the other hand because the Originator and certain of its respective affiliates intend to continue actively to service, acquire, develop, finance and dispose of real estate-related assets in the ordinary course of their business. During the course of their business activities each of the Originator or those affiliates may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Properties. In such cases, the interests of each of the Originator or those affiliates may differ from, and compete with, the interests of the Issuer and the Noteholders, and decisions made with respect to those assets may adversely affect the value of the Properties and therefore, ultimately, the ability of the Issuer to make payments under the Notes.

Each of the Servicer and the Special Servicer, (each a "**Servicing Entity**") will, in the ordinary course of their business, continue to service existing and new loans for third parties and its own portfolio, including, without limitation, loans similar to the Loans. These loans may be secured upon properties in the same markets or jurisdictions or have common owners, obligors and/or property managers as the Loans. Certain personnel of the applicable Servicing Entity may, on behalf of the relevant Servicing Entity, perform services with respect to the Loans at the same time as they are performing services on behalf of other persons or itself, with respect to other loans in the same markets or jurisdictions as the Properties securing the Loans. In such a case, the interests of such Servicing Entity and its affiliates and their other clients may differ from and compete with the interests of the Issuer and the Originator and such activities may adversely affect the amount and timing of collections on the Loans.

In addition, the applicable Servicing Entity and its affiliates actively engage in the acquisition, development, operation, financing and disposition of commercial property, including commercial property that competes with the Properties, and may in the future have relationships, including financing relationships, with the equity owners of the Borrowers under the Loans. Such activities and relationships may create conflicts of interest for the relevant Servicing Entity in its servicing of the Loans.

Related Parties May Purchase Notes

Related parties, including, without limitation, the Servicer, the Special Servicer or affiliates of the Borrowers may purchase all or part of one or more classes of Note. The acquisition by the Servicer or the Special Servicer, as the case may be, of all or part of one or more classes of Notes could, in the case of the Servicer or the Special Servicer, as the case may be, cause a conflict in the performance of its duties pursuant to the Servicing Agreement and its interests as a holder of one or more classes of Notes, especially to the extent that certain actions or events may have a disproportionate effect on

one or more classes of Notes. The Servicing Agreement, however, provides that the Loans are required to be administered in accordance with the Servicing Standard without regard to the interests of any Noteholder, thus mitigating as a contractual matter, the risks arising from such conflicts of interest.

Insolvency of the Borrowers

The insolvency of the Borrowers may have implications for the enforcement of rights against them under the relevant Credit Agreements. While each of the Loans benefits from substantially first ranking fully perfected mortgages in respect of the relevant Property or Properties, there can be no assurance that the commencement of insolvency proceedings against a Borrower will not delay the enforcement of mortgages or indeed the enforcement of the other elements of the Related Security. Such delays could impact upon the timeliness of recovery of amounts due in respect of the Loans and hence upon the ability of the Issuer to make full and timely payment on some or all of the classes of the Notes. The consequence of an insolvency of a Borrower varies from country to country.

For further information about the implications of the commencement of insolvency proceedings in relation to the Borrowers, see "Certain Matters of Netherlands Law" at page 186, "Certain Matters of Portuguese Law" at page 191, and "Certain Matters of Italian Law" at page 196.

Insolvency of the Portuguese Property Manager

The Portuguese Property Owner has appointed an affiliate as property manager (the "**Portuguese Property Manager**") in respect of the Portuguese Property, pursuant to a property management agreement (the "**Portuguese Property Management Agreement**"). The Portuguese Property Management Agreement provides that in the event the Portuguese Property Management Agreement is terminated, the Portuguese Property Manager will attempt to transfer to another company within the same corporate group all of its employees which are responsible for the management of the Portuguese Property. However, under the Portuguese Credit Agreement, the Portuguese Property Manager has waived all its rights to assign or transfer any employees to the Portuguese Property Owner.

In the event that such a transfer is not achieved or the waiver under the Portuguese Credit Agreement is not, as matter of Portuguese law effective, the Portuguese Property Owner shall either succeed to the employment of the relevant employees or shall be required to indemnify the Portuguese Property Manager for all liabilities incurred by it in relation to the termination of the employment of the relevant employees (but this obligation to indemnify will only apply provided that the termination of the Portuguese Property Management Agreement is not the result of a default or a breach of contract by the Portuguese Property Manager).

Thus, under these circumstances, the Portuguese Property Owner could incur a liability for or in respect of the employees, which could impact upon the cash-flow it has available to make payments of interest on or repayments of principal of the Portuguese Loan.

It can be argued that under the Property Management Agreement the Property Manager is responsible for the collection of the Rental Income as agent for the Property Owner and therefore, in the event of insolvency of the Portuguese Property Manager, the Rental Income should not be part of the estate of the Portuguese Property Manager. There is, however, no certainty that a Portuguese court would accept such reasoning and, accordingly, the Portuguese Property Owner could have to claim its entitlements under the Property Management Agreement as any other creditor in the context of the Portuguese Property Manager's insolvency proceedings. The insolvency of the Portuguese Manager would not, however, affect the mortgage granted in relation to the Portuguese Property.

Due Diligence

The only due diligence (including valuations of Properties) that has been undertaken in relation to the Loans and the Properties is described below under "The Loans and their Related Security" at page 101 and was undertaken in the context of and at the time of the origination of each particular Loan. None of the due diligence undertaken at the time of origination of the Loans will be verified or updated prior to the sale of the Loans to the Issuer or the entry into of the Credit Default Swap Transaction.

Rather, under each Loan Sale Agreement the Originator will provide to the Issuer certain representations and warranties relating to the characteristics of the relevant Loans and their Related Security. In relation to the Italian Loan, since no Loan Sale Agreement will be entered into, the Credit Default Swap Agreement will contain various eligibility criteria, being the Credit Default Swap Eligibility Criteria, which are intended to be the functional equivalent of the representations and warranties provided under the Loan Sale Agreements.

Breach of Warranty or Eligibility Criteria in relation to the Loans

Except as described under "Loan Sale Process" at page 201, none of the Issuer, the Note Trustee or the Security Trustee has undertaken or will undertake any investigations, searches or other actions as to the status of the Borrowers or any other matters relating to the Loans or the Properties prior to the issuance of the Notes. The Issuer, the Security Trustee and the Note Trustee will, as described above, rely in respect of each Loan on warranties or eligibility criteria contained in the relevant Asset Transfer Agreement.

If any breach of warranty relating to any of the relevant Netherlands Loans and Netherlands Related Security or Portuguese Loan and Portuguese Related Security is material and (if capable of remedy) is not remedied, then, the Issuer or the Security Trustee may require the Originator to repurchase the relevant Loan at its principal amount outstanding plus all interest accruing until the next interest payment date under the relevant Credit Agreement. The Issuer will apply the proceeds of any repurchase of a Loan, in or towards repayment of the Notes (such amounts being included in Principal Receipts on the Payment Date following the end of the Loan Interest Accrual Period in which such monies were received by the Issuer). The remedies for breach of warranty described above are in addition to any other remedies that the Issuer, the Note Trustee or the Security Trustee, may have under applicable law against the Originator as a consequence of a breach of warranty by any of them under the relevant Loan Sale Agreement However, if the Originator does repurchase a Loan such repurchase will constitute a full discharge and release of the Originator from all such claims by the Issuer. The Issuer further agrees under the Loan Sale Agreement not to pursue such claims against the Originator unless it has become bound to repurchase a Loan and has failed to do so.

Similarly, if any breach of an eligibility criterion in respect of the Italian Loan and Italian Related Security is material and is not remedied then the Issuer or the Security Trustee may require the termination of the Credit Default Swap Transaction. In this event, following payment of any accrued but unpaid amounts, the balance of the Credit Default Swap Collateral will be applied by the Issuer in or toward repayment of the Notes (such amounts similarly being included in Principal Receipts on the Payment Date following the end of the Loan Interest Accrual Period in which the Issuer became entitled to such monies). However, if the Credit Protection Payment has been made by the Issuer to the Credit Protection Buyer then the Credit Protection Buyer will be required to pay an amount equal to the Credit Protection Payment less each Enforcement Proceeds Amount paid by the Credit Protection Buyer to the Issuer.

Risks relating to Loan Concentration

In relation to any pool of loans, the affect of loan losses will be more severe if the pool is comprised of a small number of loans, each with a relatively large principal amount, 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 five Loans in the Loan Pool, losses on any Loan may have a substantial adverse effect on the ability of the Issuer to make payments of interest or repayments of principal in respect of the Notes.

Concentrations of properties in particular geographic areas may increase the risk that adverse

economic or other developments or a natural disaster affecting a particular region could increase the frequency and severity of losses on loans secured by such Properties. Further, the occupation of a property or a number of properties by a single tenant may increase the risk that adverse economic or other developments in respect of that tenant could increase the frequency and severity of losses on loans secured by such Properties. This is the case, as described above, in relation to the Italian Loan.

For further information on the location of the various Properties and the tenants of the various Properties, see the Loan and Property Summaries in "The Loan and Related Security" at page 101.

Risks relating to Specially Serviced Loans

The Operating Adviser on behalf of the Controlling Class or the Controlling Class by Extraordinary Resolutions will have the right to require the Issuer (with the consent of the Note Trustee) or the Security Trustee to terminate the appointment of the person then acting as Special Servicer and to use its reasonable endeavours to appoint a successor which is acceptable to the Operating Adviser or in the absence of an Operating Adviser, the Controlling Class and in respect of which each of the Rating Agencies then rating the Notes have delivered a Rating Confirmation, and to be notified and/or consulted on certain actions with respect to Specially Serviced Loans including without limitation any enforcement of the Related Security in respect of a Specially Serviced Loan, the appointment of any third party in relation to enforcement, modification, waivers and amendments of any monetary terms of the relevant Credit Agreement, the release of any security, the release of any Borrower's obligations under the relevant Credit Agreement and actions taken in relation to Properties with respect to environmental matters. The Special Servicer will not, however, be required to follow any such advice that would cause it to violate the Servicing Standard and there can be no assurances that any directions provided by the Operating Adviser will maximise recoveries made in respect of a Specially Serviced Loan. The interest of the Operating Adviser as a representative of the holders of the Most Junior Class of Notes may conflict with the interests of other Noteholders.

The Italian Intercreditor Agreement

In addition to the Italian Loan, the Italian Borrower has entered into two other financing arrangements relating to the financing of the Italian Properties. The first, a mezzanine credit facility, was entered into with the Originator. The second, a shareholder credit facility, was entered into with certain affiliates of the Italian Borrower.

The relationship between the Italian Loan and the additional credit facilities entered into by the Italian Borrower is governed under an intercreditor arrangement, described in this Offering Circular as the Italian Intercreditor Agreement, which provides for the seniority of the Italian Loan in relation to the other credit facilities provided to the Italian Borrower. The Italian Intercreditor Agreement provides the provider of the mezzanine credit facility with certain rights. These rights relate to enforcement action which may be taken by the Italian Lender and provide that no enforcement action can be taken during a prescribed "cure period", considerations which the Originator must take into account in relation to any enforcement action and certain rights which the creditor of the mezzanine credit facility may have to purchase the Italian Loan from the Originator.

Each of these rights impact on the enforcement of the Italian Related Security and may affect the actions of the Servicer or the Special Servicer in relation to such enforcement.

For further information about the rights granted under the Italian Intercreditor Agreement, see "The Loans and Related Security - The Italian Loan" at page 169.

Italian Mezzanine Loan and its Credit Default Swap

The Originator and the Credit Protection Buyer, in its capacity as lender of the mezzanine loan, has entered into a credit default swap transaction pursuant to which it has purchased credit protection in respect of the mezzanine loan. The counterparty to the credit default swap transaction is a financial institution that is not related to JPMCB. It has certain rights thereunder, the most significant of which is the right to purchase the mezzanine loan and thus to become the mezzanine loan creditor. In the event it did so, the credit default swap counterparty would accede to the Italian Intercreditor

Agreement and would be entitled to exercise the various rights given to the mezzanine loan creditor thereunder, as described above.

The exercise of such rights by the credit default swap counterparty may impact upon the actions the Servicer or the Special Servicer, as the case may be, is able to take in relation to the enforcement of the Italian Related Security.

The Netherlands Intercreditor Agreement

In relation to the Randstad Loan, the Randstad Borrower and the Randstad Parent have entered into certain other financing arrangements relating to the financing of the Randstad Properties. The first is a loan also made under the Randstad Credit Agreement and which shares the same security as the Randstad Loan. The second is a mezzanine credit facility which is not secured on the assets which secure the Randstad Loan, but the shares of the parent of the Randstad Parent. The remainder are certain shareholder credit facilities.

The relationship between the Randstad Loan and the additional credit facilities entered into by the Randstad Borrower and the Randstad Parent is governed under an intercreditor agreement, described in this Offering Circular as the Randstad Intercreditor Agreement, which provides for the seniority of the Randstad Loan in relation to the other credit facilities entered into in relation to the financing of the Randstad Properties. The Randstad Intercreditor Agreement provides the providers of the relevant credit facilities with certain rights. These rights relate to, among other things, the right to take enforcement action against the Randstad Borrower under certain circumstances, and certain remedies, such as cure rights and purchase rights, which may be exercised by in certain circumstances the subordinated lenders to prevent enforcement action being taken by the Lender of the Randstad Loan.

The provisions of the Randstad Intercreditor Agreement impact on the enforcement of the Randstad Related Security and may affect the actions of the Servicer of the Special Servicer in relation to such enforcement.

For further information about the rights granted under the Randstad Intercreditor Agreement, see "The Loans and Related Security - The Randstad Loan" at page 128.

Statutory Charges and Super Priority

As a matter of Portuguese law, certain charges which are required to be paid to municipalities and tax authorities in relation to tax liabilities arising out of the ownership or use of real estate assets have a "super-priority" ranking in relation to other payment obligations, including payment obligations which are owed to secured creditors. No action can be taken under Portuguese law to exclude or limit such super-priority claims.

The Portuguese Property Owner has undertaken, under the Portuguese Credit Agreement, to discharge its various tax liabilities. In the even it does not do so, however, the charges which arise may prejudice the ability of the Portuguese Property Owner to pay all amounts due in respect of the Portuguese Loan.

Under Portuguese law the employees, the social security authorities and the tax authorities also have a "super-priority" ranking in relation to other payment obligations, including payment obligations which are owed to secured creditors. No action can be taken under Portuguese law to exclude or limit such super-priority claims.

Limitation on Pledges over Rental Cashflow

As a matter of Portuguese law, a pledge over rental cashflow will expire and have no further effect upon an insolvency of the grantor thereof. To that extent, a pledge of the rental cashflow granted in respect of the Portuguese Property will expire upon an insolvency of the relevant pledgee.

The pledge created over the Rental Income in relation to the Portuguese Property was not notified to the tenants and, as such, is not perfected under Portuguese law.

This rule of Portuguese law does not, however, undermine the continuing efficacy of the mortgage granted in respect of the Portuguese Property or the enforceability thereof, even in the event of an insolvency of the Portuguese Property Owner.

Payment Dates

The Loan Payment Dates (except for the Italian Payment Date falling in August of each year) occur only seven days prior to each Payment Date in respect of the Notes. The Calculation Date in respect of the Notes occurs one business day prior to each Payment Date. There is therefore a risk that if there is a delay in the Issuer's receipt of payments due under the Loans for a technical, administrative or other reason, the Issuer may suffer a shortfall in the amounts available to it to make payments to the Noteholders. In this connection, it should be noted that in respect of payments under the Alliance Loan there have been certain technical and administrative payment defaults (all of which have been cured).

It should also be noted that the Credit Protection Buyer is entitled to delay the payment of Credit Default Swap Income and Collateral Income if there is a delay in receipt of the payments the Italian Borrower is required to make under the Italian Loan. Such a delay in the payment of Credit Default Swap Income and Collateral Income could also result in a shortfall in the amounts available to the Issuer to make payments to the Noteholders.

If a shortfall were to arise for the reasons described above the Issuer would be entitled to draw on the Liquidity Facility to the extent of the available Liquidity Commitment at that time.

Turnover Rent

A number of the occupational leases entered into in respect of the Portuguese Property provide for the payment of a rent which is, in part, calculated by reference to the revenue turnover of the retail unit to which they relate.

The amount of such rent depends entirely on the success of the retail business carried out in the relevant retail unit. Such success could be affected by a number of factors which affect retail trends generally, as well as specific factors affecting the relevant retailer including customer tastes and preferences as to the products sold at that retail unit.

However, the turnover related element of the rent is only a portion of the aggregate rent, there being a minimum rent specified in each case.

Credit Default Swap Transaction

Exposure to Credit Protection Buyer and Collateral Holding Bank

The obligation of the Credit Protection Buyer to make payments to the Issuer in respect of the Credit Default Swap Transaction is an unsecured obligation of the Credit Protection Buyer. Similarly, the obligations of the Collateral Holding Bank to repay the Credit Default Swap Collateral to the Issuer is an unsecured obligation of the Collateral Holding Bank. The Issuer is, therefore, taking credit risk on the Credit Protection Buyer and the Collateral Holding Bank in relation to these obligations. In relation to the Credit Protection Buyer this risk is partially mitigated by the terms of the Credit Default Swap Agreement which stipulates that following any downgrade of certain ratings of the Credit Protection Buyer below certain specified thresholds, from time to time, subject to the conditions and other remedies specified in the Credit Default Swap Agreement, the Credit Protection Buyer will be required to make transfers of collateral to the Issuer in support of its obligations under the Credit Default Swap Agreement. In addition, in the event that the Collateral Holding Bank is downgraded below a certain specified minimum level the Issuer is required to transfer the Credit Default Swap Collateral to another bank.

Italian Loan Sale Proceeds Amount

The Credit Default Swap Agreement also provides that in the event that the Credit Default Swap Transaction terminates on the Maturity Date, the Credit Protection Buyer will be obliged to pay the

Italian Loan Sale Proceeds Amount to the Issuer. The Italian Loan Sale Proceeds Amount is determined by reference to bid quotations obtained by the Calculation Agent from persons selected by it. While the process of obtaining the bid quotations has been structured to produce an accurate estimate of the value of the Italian Loan, there can be no assurance that this will be the case.

Factors Relating to the Notes

Insolvency of the Issuer

The Issuer is structured to be an insolvency-remote vehicle. Each of the transaction documents to which the Issuer is party are subject to limited recourse provisions and non-petition covenants in favour of the Issuer. The Issuer has granted security over all of its assets pursuant to the Issuer Security Documents. Reliance is therefore placed on the mortgages, pledges, assignments and other fixed security interests granted by the Issuer under all of the Issuer Security Documents and the insolvency-remote nature of the Issuer for repayment of amounts owing to creditors thereof. Notwithstanding the foregoing, there is always a risk that the Issuer could become subject to insolvency proceedings; the Issuer is insolvency-remote, not insolvency-proof.

Prepayment Risk

A high prepayment rate in respect of the Loans, and/or the prepayment of one or more of the larger Loans by principal balance, will result in a reduction in interest receipts in respect of the Loans and, more particularly, could reduce the weighted average coupon earned on the Loan Pool which may result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes. The Originator believes, as at the date of this Offering Circular, that there is a greater risk that the Italian Loan will prepay compared to any other Loan in the Loan Pool. The prepayment risk will, in particular, be borne by the holders of the most junior Classes of Notes then outstanding.

For further information about yield, prepayment and maturity consideration - see "Estimated Average Lives of the Notes and Assumptions" at page 247.

Prepayment and Yield

If any Notes of any class are purchased at a premium, and if payments and other collections of principal on the Loans occur at a rate faster than anticipated at the time of the purchase, then the actual yield to maturity on that class of Notes may be lower than assumed at the time of the purchase. If any Notes of any class are purchased at a discount, and if payments and other collections of principal on the Loans occur at a rate slower than anticipated at the time of the purchase, then the actual yield to maturity on that class of Notes may be lower than assumed at the time of the purchase. The investment performance of any Note may vary materially and adversely from expectations due to the rate of payments and other collections of principal on the Loans being faster or slower than anticipated. Accordingly, the actual yield may not be equal to the yield anticipated at the time the Note was purchased, and the expected total return on investment may not be realised.

For further information about yield, prepayment and maturity see " Estimated Average Lives of the Notes and Assumptions " at page 247.

Adjusted Interest Amounts

Payments of interest on the Class D Notes are subordinated to payments of interest on all the other Classes of Notes. In addition, interest payable on the Class D Notes is subject on any Payment Date to a maximum amount equal to the lesser of (a) the Interest Amount in respect of such class of Notes, as calculated pursuant to Condition 5(d) (*Determination of Rates of Interest and Calculation of Interest Amount for Notes*) at page 272 and (b) the amount equal to the Revenue Receipts in respect of such Payment Date minus, without duplication, the sum of all amounts payable out of Revenue Receipts on such Payment Date in priority to the payment of interest on such class of Notes. As a result of these provisions, the amount of interest paid to the Class D Noteholders may, in particular, be adversely affected by disproportionate prepayments, other unscheduled prepayments on the Loans and other costs which the Issuer may be required to meet.

Liability under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by the arranger or any affiliate of the arranger, or of or by the Managers, the Originator, the Originator Related Parties or the Issuer Related Parties or any of their respective affiliates, and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Principal Losses

The ability of the Issuer to repay principal of the Notes is ultimately based upon the Borrowers generating Refinancing Proceeds or Disposal Proceeds in respect of the relevant Properties. Certain of the factors which could adversely affect the generating of Refinancing Proceeds or Disposal Proceeds have been described above.

Limited Recourse

Interest and principal on the Notes will be payable only from, and to the extent of sums paid to and net proceeds recovered on behalf of the Issuer and on enforcement of the Issuer Security, the Security Trustee, the Note Trustee and the Noteholders will only have recourse to the proceeds of enforcement of the Issuer Security for payments to be made on the Notes and the obligations of the Issuer to make such payments will be limited to the proceeds of such enforcement and in the event that the proceeds of enforcement of the Issuer Security are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under the Notes), then the Issuer's obligation to pay such amounts will cease and the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Enforcement of the Issuer Security is the only remedy available for the purpose of recovering amounts owed in respect of the Notes.

The Issuer, the Security Trustee and the Note Trustee will have no recourse to the Originator save in respect of certain representations and warranties given by the Originator in the Loan Sale Agreements in connection with the sale of the Assigned Loans.

For further information about the representation and warranties and eligibility criteria in respect of the Loans, see "Loan Sale Process - Representations and Warranties" at page 201.

Rights Available to Holders of Notes of Different Classes

In performing its duties as trustee for the Noteholders, the Note Trustee will not be entitled to consider solely the interests of the holders of the most senior class of Notes then outstanding but will need to have regard to the interests of all of the Noteholders. Where, however, there is a conflict between the interests of the holders of one class of Notes and the holders of another class of Notes, the Note Trustee will be required to have regard only to the interests of the holders of the most senior class of Notes then outstanding.

The Class X Note will not have all of the rights of the other Notes. The Class X Noteholder may not receive regular payments of interest and may not vote at meetings of Noteholders.

In performing its duties as trustee for the Issuer Secured Creditors, the Security Trustee will take its instructions from the Note Trustee, for so long as any Notes are outstanding, and will not be required to take into account the interests of any other Issuer Secured Creditor, except as otherwise expressly provided in the Issuer Security Documents.

Ratings of Notes

The ratings assigned to the Notes by the Rating Agencies are based on the Loans and the Related Security, the Properties, the Credit Default Swap Agreement and other relevant structural features of the transaction, including, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the Interest Rate Swap Provider, the Credit Protection Buyer, the Collateral Holding Bank and reflect only the views of the Rating

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

Credit rating agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Offering Circular are to ratings assigned by the specified Rating Agencies only.

Rating Agencies' Confirmation

The Note Trustee will be entitled to determine for the purposes of exercising any power, trust, authority, duty or discretion whether such exercise will not be materially prejudicial to the interests of any class of Noteholders, or, as the case may be, all of the Noteholders. In making a determination whether or not any event, matter, or thing is, in its opinion, materially prejudicial to the interest of the Noteholders or any class of Noteholders, the Note Trustee shall be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the current rating of the Notes of the relevant class would, or, as the case may be would not, be adversely affected by such event, matter or thing.

No assurance can be given that the Rating Agencies will provide any such confirmation. However, if a confirmation is provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. The failure of any Rating Agency to respond to a request for a confirmation may be disregarded by the Note Trustee. No assurance can be given that any such reconfirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders of a particular class.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of the holders of securities (such as the Notes).

Workout Fees and Liquidation Fees

In the event a Specially Serviced Loan becomes a Corrected Loan and certain other conditions are met, as described under "*Servicing – Special Servicing Fee and Liquidation Fee*", the Special Servicer will be entitled to a Workout Fee of 1.00 per cent. per annum (plus VAT, if applicable) of principal and interest received for so long as such Loan remains a Corrected Loan (and should such Corrected Loan become a Specially Serviced Loan, a special servicing fee will be payable to such Special Servicer or any replacement special servicer). In addition, upon the sale of any Property following enforcement of the related Specially Serviced Loan, the special Servicer will be entitled to receive a Liquidation Fee of 1.00 per cent. (plus VAT, if applicable) of Liquidation Proceeds. Because Workout Fees and Liquidation Fees may not be recoverable from the Obligors, payment of any such fees may reduce amounts payable to the Noteholders to the extent that they are not off-set by default interest payable on the related Loan.

Absence of Secondary Market; Limited Liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. In addition, the market value of certain of the Notes may fluctuate with changes in prevailing rates of interest. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

In addition, the market value of certain of the Notes may fluctuate with changes in prevailing rates of interest and the performance of the Loans. 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.

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed facility for drawings to be made in the circumstances described in "The Liquidity Facility Agreement" at page 238. The facility will, however, be subject to an initial maximum aggregate principal amount of €36,600,000. The amount available to be drawn under the facility, may be reduced in certain circumstances, such that insufficient funds may be available to the Issuer to pay in full interest due on the Notes. This risk will be borne first, by the holders of the Class D Notes; secondly, by the holders of the Class C Notes; thirdly, by the holders of the Class B Notes; and fourthly, on a *pari passu* and *pro rata* basis, by the holder of the Class X Note and the Class A Notes.

Withholding Tax under the 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 or principal on the Notes to Noteholders, the Issuer is not obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction.

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law, Irish law, Netherlands law, Portuguese law and Italian law and on administrative practice in each of those jurisdictions in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English law, Irish law, Netherlands law, Portuguese law, Italian law or to administrative practice in any of the foregoing jurisdictions after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

Proposed changes to the Basel Accord

The Basel Committee on Banking Supervision published the text of the new capital accord on 26 June 2004 under the title *Basel II: International Convergence of Capital 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; the most advanced at year-end 2007. If implemented in accordance with 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 legislative implementation thereof) following its implementation. Consequently, potential investors in the Notes should consult their own advisers as to the consequences of 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.

Interest Rate risks

The Portuguese Loan bears interest at a fixed rate while each class of the Notes bears interest at a rate based, except in the case of the first Interest Period, on three month EURIBOR plus the applicable margin (see Condition 5 (*Interest*) at page 268). The Netherlands Loans bear interest at a floating rate based on three month EURIBOR plus a margin, although the date on which EURIBOR is set for calculating the interest payable or the Netherlands Loans is different than the date on which it is set for calculating interest on the Notes. In order to address the risk of such mismatches of interest rates, the Issuer will enter into the Interest Rate Swap Transactions pursuant to the Interest Rate Swap Agreement. However, there can be no assurance that the Interest Rate Swap Transaction will adequately address unforeseen hedging risks. Moreover, in certain circumstances the Interest Rate

Swap Agreement may be terminated and as a result the Issuer may be unhedged if replacement interest rate swap transactions cannot be entered into. Noteholders may also suffer a loss if, an Interest Rate Swap Transaction is terminated and the Issuer is, as a result of such termination, required to pay a termination amount to the Interest Rate Swap Provider under circumstances where such amounts are not recovered from the relevant Borrower. Certain amounts payable on an early termination of the Interest Rate Swap Transactions or the Interest Rate Swap Agreement rank senior to any payments to be made to the Noteholders both before enforcement of the Issuer Security and after enforcement of the Issuer Security.

If the Loan Hedging Arrangements were to terminate by reason of default of the relevant Borrower or counterparty or otherwise, then the relevant Borrower may have insufficient funds to make payments due at that time in respect of the relevant Loan. In these circumstances, the Issuer may have insufficient funds to make payments in full on the Notes and Noteholders could, accordingly, suffer a loss.

However, in circumstances where the Borrower has insufficient funds to make a payment it is obliged to make under a Loan Hedging Arrangement, the Servicer or, as the case may be, the Special Servicer may be entitled to request a Loan Hedging Drawing under the Liquidity Facility Agreement:

If a Loan Hedging Shortfall arises the Servicer or, as the case may be, the Special Servicer will not request the Issuer or the Cash Manager on its behalf to procure a Loan Hedging Drawing unless:

(a) in its reasonable opinion, acting in accordance with the Servicing Standard, the expense of making such Liquidity Drawing would be to the benefit of the Noteholders as a collective whole;

(b) with respect to any Loan and the related calculation period, no Asset Drawing has been made by a Borrower in respect of the same Loan in respect of which a Loan Hedging Shortfall has arisen; and

(c) the relevant Loan Hedging Drawing is not in the reasonable opinion of the Servicer or Special Servicer, as the case may be, likely to become a non-recoverable advance.

For further information about payments in respect of the Interest Rate Swap Agreement, see "Summary – Available Funds and their Priority of Application – The Notes" at page 41.

For a more detailed description of the Interest Rate Swap Agreement see "Description of the Interest Rate Swap Agreement", at page 243.

Conflicts Between the Interests of the Holders of the Notes and the Operating Adviser

As described in the Offering Circular, under certain circumstances, the Controlling Class will be entitled to appoint an Operating Adviser with respect to the Loans. Prior to the Servicer or Special Servicer making certain modifications with respect to a Loan, the Servicer or Special Servicer, as the case may be, will be required to notify and in certain cases consult with the Operating Adviser, if one has been appointed.

Investors in the Notes should consider that an Operating Adviser may and, in certain events, will, have interests that conflict with those of the Noteholders and may oppose actions that would benefit the holders of the Notes as a whole. However, where there is a conflict between the opinion of the Operating Adviser and the Servicer or the Special Servicer, as the case may be, the opinion of the Servicer and the Special Servicer will prevail where in the reasonable opinion of the Servicer and the Special Servicer, there is a conflict with the Servicing Standard and the other terms of the Servicing Agreement, notwithstanding their consultation with an Operating Adviser.

Rights of the Controlling Class

The Operating Adviser, on behalf of the Controlling Class, will have the right to remove and replace the Special Servicer upon the occurrence of a Loan becoming a Specially Serviced Loan and, as described above, to be consulted with or in some instances approve certain actions with respect to

the relevant Related Security in respect of Specially Serviced Loan, the appointment of a receiver, modifications, waivers and amendments of any monetary terms of a Loan, the release of any security, the release of any Borrower's obligations under the relevant Credit Agreement and actions taken on the Properties with respect to environmental matters. The Special Servicer will not, as described above, be required to follow any such direction that would cause it to violate the Servicing Standard. There can be no assurance that any directions provided by the Operating Adviser will ultimately maximise the recovery on the Specially Serviced Loan. Because the Operating Adviser will represent a junior class of Notes, the Operating Adviser will have interests that may conflict with those of the other Noteholders.

For further information about the Rights of the Controlling Class, see "Servicing—Rights and Powers of the Controlling Class" at page 313.

Fixed and Floating Charges

For an asset to be regarded as being subject to a fixed charge, as a general rule, the Issuer should not be permitted to deal with such assets without the consent of the Security Trustee. In this way, the security is said to "fix" over those assets which are expressed to be subject to a fixed charge. As the Issuer is permitted to deal to a varying extent with certain assets which are expressed to be subject to fixed security interests created under the Deed of Charge it is possible that the security over these assets may take effect as floating charges.

Unlike fixed charges, a floating charge encumbers a class of assets which may change from time to time. The Issuer is able to deal with assets which are subject to a floating charge only and to give third parties title to those assets free from the floating charge in the event of sale, discharge or modification, provided that such dealings and transfers of title are in the ordinary course of the Issuer's business.

The interest of the Issuer Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any liquidation or administration and the claims of certain preferential creditors on enforcement of the Issuer Security. Section 250 of the Enterprise Act 2002 abolishes Crown Preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but a new Section 176A of the Insolvency Act 1986 (as inserted by Section 251 of the Enterprise Act 2002) requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any liquidation or administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to the Issuer Secured Creditors. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

The floating charge created by the Deed of Charge may "crystallize" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallization. Crystallization will occur automatically following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of a Note Enforcement Notice on the Issuer. A crystallized floating charge will continue to rank behind the claims of preferential creditors (as referred to in this section) on enforcement of the Issuer Security.

Introduction of International Financial Reporting Standards

The Irish tax position of the Issuer depends to a significant extent on the accounting treatments applicable to it. The accounts of the Issuer are required to comply with International Financial Accounting Standards ("**IFRS**") or with generally accepted accounting principles in Ireland ("**Irish GAAP**") which has been substantially aligned with IFRS. There was a concern that companies such as the Issuer might, under either IFRS or Irish GAAP, be forced to recognise in their accounts movements in the fair value of assets that could result in profits or losses for accounting purposes which bear little relationship to the company's actual cash position. These movements in value would generally have been brought in to charge to tax (if not relieved) as a company's tax liability on such assets broadly follows the accounting treatment. However, the Irish Finance Act 2005 provides a

solution whereby the taxable profits of a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997 of Ireland as amended, which it is anticipated that the Issuer will be, will be based on the profits that would have arisen under Irish GAAP as it existed at 31 December 2004 provided that this profit amount is identified in a note to the audited financial statements of the qualifying company. If such an election is made, then taxable profits or losses could arise to the Issuer as a result of the application of IFRS or current Irish GAAP that are not contemplated in the cash-flows for the transaction and as such may have a negative effect on the Issuer and its ability to make payments to the Noteholders.

Preferred Creditors under Irish Law

Under Irish law, the interest of secured creditors in property and assets of an Irish company over which there is a floating charge only will rank behind the claims of certain preferential creditors on enforcement of such security. Preferential creditors include the Irish Revenue Commissioners, statutory redundancy payments due to employees (including where those employees have been made redundant as a result of the liquidation of the borrower) and money due to be paid by the Irish company in respect of employers contributing under any pension scheme.

The holder of a fixed security over the book debts of an Irish tax resident company (which may include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's ability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

Examinership under Irish Law

Examination is an insolvency process under Irish law the objective of which is to facilitate the survival of a company and the whole or any part of its undertaking through the appointment of an examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangements. If an examiner is appointed in respect of the Issuer, among other things, the Security Trustee will be prevented from enforcing the Issuer Security during the Protection Period (as defined below). A brief outline of the principal features of the examinership regime is set out below.

The Irish High Court (the "**Court**") may appoint an examiner if, following the presentation by an eligible person (see below) of a petition, it appears to the Court that a company is or is likely to be "unable to pay its debts" within the meaning of the applicable Irish legislation, no resolution of the company has been passed to wind up the company and no Court order exists to wind up the company. The Court must also be satisfied that there is a "reasonable prospect" of the survival of the company and the whole or any part of its undertaking as a going concern. In this respect, the Court will have regard to the report of an independent accountant, which must be provided with the petition, and which must, among other things, state that there is a reasonable prospect of the survival of the company and set out what considerations should be taken into account to achieve this.

Persons eligible to present a petition for the appointment of an examiner to a company are the company itself, the directors of the company, a creditor (contingent or prospective) (including employees) or a member of the company whose holding is not less than 10% of the paid up share

capital of the company.

A protection period (the "**Protection Period**") starts running from the date of presentation of the petition and lasts until the earlier of the 70 days from the date of its commencement (which may be extended by a further 30 days by the Court) and the date of withdrawal or refusal of the petition. During the Protection Period, among other things, no proceedings for the winding up of the company may be commenced; no receiver may be appointed unless appointed three days before the presentation of the petition; no attachment, sequestration, distress or execution may be put in force against the company except with the consent of the examiner; no action may be taken to realise any part or all of any security granted by the company except the consent of the examiner; no steps maybe taken to repossess goods held under hire purchase; and if another person apart from the company is liable to pay the debts of the company such as a guarantor no attachment, sequestration, distress or execution may be put in force against that person and no proceedings of any sort may be commenced against that person.

Two to three weeks after the issue of the petition there is a full hearing by the Court of the petition. If an examiner is appointed by the Court, he is obliged to formulate proposals for a scheme of arrangement or compromise as soon as practicable after he is appointed. The examiner must hold a meeting of each class of creditors at which each such class will be asked to approve the proposed scheme of arrangement or compromise. Within 35 days from the date of his appointment, the examiner must report to the Court on the proposed scheme of arrangement or compromise and the outcome of the meetings of each class of creditors convened to consider the proposals. In practice, this 35-day period is extended to the end of the Protection Period.

Before confirming any proposals the Court must be satisfied, among other things, that at least one class of creditors, whose interests or claims would be impaired by the implementation of the proposals has accepted the proposals and that the proposals are fair and equitable in relation to any class of creditor or member that has not accepted the proposals whose interests or claims would be impaired by implementation of the proposals, and are not unfairly prejudicial to the interests of any interested party. The Court considers the proposals made and may confirm, modify or reject them. In practice the Court is reluctant to make substantive modifications to the proposals unless such modifications have been presented to the creditors' meetings. The Court has been very reluctant to lay down detailed principles as to how it will determine whether the proposals are fair and equitable or unfairly prejudicial in the manner contemplated above but will consider the proposals from the perspective of the creditors as a whole and each specific class of creditors and also what such creditors would be expected to receive on a winding up of the company. It will also take into account the respective positions of the Irish Revenue Commissioners and the company's employees (if any). In considering the report for the purpose of confirmation of the proposals the Court may adjourn the hearing and thereby extend the Protection Period beyond 100 days.

If the Court does not confirm the proposals, the Court will generally make a winding-up order on just and equitable grounds. If the Court confirms the proposals, the Court will specify a date not later than 21 days after the making of its order from which they take effect. Once confirmed by the Court, the examiner's proposals are binding on the company, its members and creditors (both secured and unsecured).

The company may borrow monies during the examination to fund the business and, if the examiner certifies such borrowings as being incurred in circumstances where the survival of the company as a going concern would otherwise have been seriously prejudiced, those borrowings will rank ahead of all obligations of the company other than those secured by fixed security. The examiner also has reasonably broad powers to take preventative or remedial action relating to a company's income, assets or liabilities or the activities of its officers, employees, members or creditors where in his opinion it is likely to be to the detriment of the company. Contractual arrangements restraining a company from borrowing or pledging its assets are not binding on the examiner if in his opinion, if the clause was to be enforced, it would be likely to prejudice the survival of the company as a going concern. The examiner may sell property subject to a fixed or floating charge, to facilitate the survival of the company, but such a sale must be made pursuant to an order of the Court. Unless the examiner can show that the sale of the relevant charged property is very likely to facilitate the survival of the whole or any part of the company as a going concern, the Court is likely to be reluctant to permit such a sale where the holder of the security is strongly opposed to the sale. The proceeds of

the disposed assets are subject to the same statutory priorities that applied prior to the examination. Where the security is a fixed charge, it is a condition of any Court order that the net proceeds of disposal and where such proceeds are less than open market value, any sums required to make good the deficiency, be applied towards discharging sums secured by the security

The Issuer believes that the risks described above are the principal risks inherent in the transaction 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 and 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 Offering Circular lessen some of these risks for Noteholders, there can be no assurance that these measures 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 PARTIES

The Originator and its Related Parties

The Originator and the Credit Protection Buyer

JPMorgan Chase Bank, N.A. (**"JPMCB")** is a wholly owned bank subsidiary of JPMorgan Chase & Co. ("**JPMorgan Chase**"), a Delaware corporation whose principal office is located in New York, New York. JPMCB is a commercial bank offering a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of September 30, 2005, JPMCB had total assets of $1,008.4 billion, total net loans of $386.9 billion, total deposits of $529.4 billion, and total stockholder's equity of $85.1 billion. These figures are extracted from JPMCB's unaudited Consolidated Reports of Condition and Income as at September 30, 2005, which are filed with the Federal Deposit Insurance Corporation.

JPMCB has established a US$3,000,000,000 structured medium term note programme pursuant to which Notes may be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

Additional information, including the most recent Form 10-K for the year ended 31 December, 2004, of JPMorgan Chase & Co., the 2004 Annual Report of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed or furnished with the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The Netherlands Facility Agent

JP Morgan Europe Limited, a company organised and existing under the laws of England and Wales having its registered office at 125 London Wall, London EC2Y 5AJ is the Netherlands Facility Agent.

The Netherlands Security Trustees

JP Morgan Dutch Real Estate Trustee Company Limited, a company incorporated in Jersey (registered number 86759) with its registered office at 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands, is, in its capacity as security trustee in respect of the Alliance Related Security, the Alliance Security Trustee and in the capacity as security trustee in respect of the CPFM Related Security, the CPFM Security Trustee.

JP Morgan Dutch Real Estate Trustee Company (No. 2) Limited a company incorporated in Jersey (registered number 90664) with its registered office at 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands, is, in its capacity as security trustee in respect of the Randstad Related Security, the Randstad Security Trustee.

JP Morgan Dutch Real Estate Trustee Company Limited and JP Morgan Dutch Real Estate Trustee Company (No. 2) Limited, in its roles as a security trustees in respect of the relevant Netherlands Loans is engaged in the business of, among other things, holding on trust and, in such capacity, enforcing, security interests granted in respect of commercial mortgage backed loans and similar assets originated by JPMCB.

The Portuguese Security Trustee

Stamphurst Limited, a company incorporated in England and Wales (registered number 04683449) with its registered office at c/o SPV Management Limited, at Level 11, Tower 42, 25 Old Broad Street, London EC2N 1HG, is the Portuguese Security Trustee. The Portuguese Security Trustee is a Special Purpose Entity, administered by Structured Finance Management Limited or its affiliates.

Stamphurst Limited in its role as a security trustee is engaged in the business of, among other things, holding on trust or as agent and, in such capacities, enforcing, security interests granted in respect of commercial mortgage backed loans and similar assets originated by JPMCB or its affiliates.

The Italian Facility Agent

J.P. Morgan Securities Ltd. a company incorporated in England and Wales (registered number 02711006) with its registered office at 125 London Wall, London EC2Y 5AJ, is the Italian Facility Agent.

J.P. Morgan Securities Ltd. in its role as a facility agent is engaged in the business of, among other things, holding as agent and, in such capacity, enforcing, security interests granted in respect of commercial mortgage backed loans and similar assets originated by JPMCB or its affiliates in various parts of Europe.

The Portuguese Facility Agent

JPMCB is the Portuguese Facility Agent. In providing services in this capacity, JPMCB is acting through its offices at 125 London Wall, London, EC2Y 5AJ, United Kingdom.

The Issuer and its Related Parties

The Issuer

European Property Capital 3 p.l.c., a public limited company incorporated under the Companies Acts 1963 to 2005 of Ireland (registered number 403628) with its registered office at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland, is the Issuer.

The Issuer is engaged in the business of acquiring the Loans and Related Security, entering into the Credit Default Swap Transaction issuing the Notes and entering into transactions ancillary thereto.

For information about the Issuer, see "The Issuer" at page 255.

The Note Trustee

HSBC Trustee (C.I.) Limited organised under the laws of Jersey, is the Note Trustee. The registered office of the Note Trustee is at 1 Grenville Street, St Helier, Jersey JE4 9PF.

The Note Trustee is engaged in the business of, among other things, providing trustee services in the context of the issuance of capital market debt instruments similar to the Notes, pursuant to agreements similar to the Note Trust Deed.

The Security Trustee

HSBC Trustee (C.I.) Limited organised under the laws of Jersey, is the Security Trustee. The registered office of the Security Trustee is 1 Grenville Street, St Helier, Jersey JE4 9PF.

The Security Trustee will hold on trust and, in the event, enforce the Issuer Security for the benefit of the Issuer Secured Creditors.

The Servicer and the Special Servicer

The Servicer

GMAC Commercial Mortgage Servicing (Ireland), Limited and GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)) will act jointly (subject as otherwise mentioned in the section of this Offering Circular entitled "Servicing" at page 218) as the Servicer. Both entities are specialist in the loan servicing business. GMAC Commercial Mortgage Servicing (Ireland), Limited is a limited liability company incorporated under the laws of Ireland with registered number 315348 and operates out of its registered office at Clonmore, Mullingar, Co. Westmeath, Ireland. GMAC Commercial Mortgage Limited is a limited liability company organised under the laws of England and Wales with registered number 3376447 and operates out of its registered office at Norfolk House, 31 St. James's Square, London SW1Y 4JJ, United Kingdom.

Special Servicer

The Special Servicer is GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)), a specialist in the loan servicing business based in London. It is a limited liability company organised under the laws of England and Wales with registered number 3376447. It operates out of its registered office at Norfolk House, 31 St. James's Square, London SW1Y 4JJ, United Kingdom.

The Servicer and Special Servicer is engaged in the business of, among other things, servicing commercial mortgage backed loans and connected assets.

The Principal Paying Agent, the Cash Manager and the Agent Bank

HSBC Bank plc, a company incorporated in England and Wales (registered number 14259), is the Principal Paying Agent, Cash Manager and Agent Bank. In providing services in each of these capacities, it is acting through its office at 8 Canada Square, London E14 5HQ.

In its roles as Principal Paying Agent, Cash Manager and Agent Bank, HSBC Bank plc is engaged in the business of, among other things, providing certain cash-flow management services in connection with the issuance of capital market debt instruments similar to the Notes.

The Calculating and Reporting Agent

Wells Fargo Securitisation Services Limited, a company incorporated in England and Wales (registered number 4404942) is the Calculating and Reporting Agent, whose principal office is at 13/14 Basinghall Street, London EC2V 5BQ.

In its role as Calculating and Reporting Agent, Wells Fargo Securitisation Services Limited is engaged in its business of, among other things, providing certain calculation and reporting services in connection with the issuance of residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities and collateralised debt obligations.

The Irish Paying Agent

HSBC Institutional Trust Services (Ireland) Limited, a company incorporated in Ireland (registered number 181767) whose principal office is at HSBC House, Harcourt Centre, Harcourt Street, Dublin 2 is the Irish Paying Agent.

In its role as Irish Paying Agent, HSBC Institutional Trust Services (Ireland) Limited is engaged in the business of, among other things, providing certain payment services in connection with capital market debt instruments similar to the Notes.

The Operating Bank

HSBC Bank plc, is the Operating Bank. In providing services in this capacity, the Operating Bank is acting through its office located at 8 Canada Square, London, E14 5HQ, United Kingdom.

The Operating Bank is engaged in the business of providing commercial banking services and will, in connection with the issuance of the Notes, maintain certain bank accounts of the Issuer, namely the Collection Account, the Class X Account and such other accounts as may be created and maintained on behalf of the Issuer (including if the Liquidity Facility Provider does not have the Required Ratings, the Stand-by Account).

As at the date of this Offering Circular, the long-term, unsecured, unsubordinated debt obligations of the Operating Bank are rated "AA" by Fitch, "Aa2" by Moody's and "AA-" by S&P, and the short-term, unsecured, unsubordinated debt obligations of the Operating Bank are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

The Collateral Holding Bank

JPMCB is the Collateral Holding Bank. In providing services in this capacity, JPMCB is acting through its offices at 125 London Wall, London EC2Y 5AJ.

In its role as Collateral Holding Bank, JPMCB is engaged in the business of, among other things, providing certain banking services. The Collateral Holding Bank will hold the Credit Default Swap Collateral so as to collateralise the Issuer's obligations under the Credit Default Swap Transaction.

As at the date of this Offering Circular, the long-term, unsecured, unsubordinated debt obligations of the Collateral Holding Bank are rated "A+" by Fitch, "Aa2" by Moody's and "AA-" by S&P and the short-term unsecured unsubordinated debt obligations of the Collateral Holding Bank are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

The Corporate Services Provider

Structured Finance Management (Ireland) Limited, a private limited company, incorporated under the laws of Ireland (registered number 331206), having its registered office at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland, is the Corporate Services Provider.

The Corporate Services Provider is engaged in the business of, among other things, providing certain administrative and managerial services to issuers of capital market debt instruments similar to the Issuer.

The Modelling Agent

Trepp LLC operating through its office at 477 Madison Avenue, New York NY 1022 is the Modelling Agent.

In its role as Modelling Agent, Trepp LLC shall set up a model of the transaction described in this Offering Circular, which may be accessed by Noteholders and shall provide certain ancillary services to the Issuer.

The Liquidity Facility Provider

Lloyds TSB Bank plc, a company incorporated in England and Wales (registered number 00002065), is the Liquidity Facility Provider. In acting as Liquidity Facility Provider, Lloyds TSB Bank plc is acting through its branch located at Faryner's House, 25 Monument Street, London EC3R 8BQ, United Kingdom.

The Liquidity Facility Provider is engaged in the business of providing commercial banking services, including providing credit facilities similar to the facilities provided by it pursuant to the Liquidity Facility Agreement.

As at the date of this Offering Circular, the long-term, unsecured, unsubordinated debt obligations of the Liquidity Facility Provider are rated " AA+" by Fitch, " Aaa " by Moody's and " AA " by S&P, and the short-term, unsecured, unsubordinated debt obligations of the Liquidity Facility Provider are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

The Interest Rate Swap Provider

JPMCB is the Interest Rate Swap Provider. In acting as Interest Rate Swap Provider, JPMCB is acting through its offices located at 125 London Wall, London EC2Y 5AJ, United Kingdom.

The Interest Rate Swap Provider is engaged in the business of providing risk hedging facilities similar to those being provided by it pursuant to the Interest Rate Swap Agreement.

CERTAIN CHARACTERISTICS OF THE LOANS AND THE PROPERTIES

The following tables set out certain information with respect to the Loans and the Properties. The statistics in the following tables were primarily derived from information provided to the Originator by the Borrowers, other than assumptions or projections used in calculating such statistics which were determined by the Originator. The information in the following tables is correct as at the Cut-Off Date.

Basic Loan Characteristics

Loan No	Loan name	Loan closing date	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Original term to maturity (years)	Remaining term to maturity (years)	Cut-Off Date LTV	Maturity LTV	Cut-Off Date ICR	Cut-Off Date DSCR
1	CPFM loan	28 Jan 2004	9,600,000	2.4%	5.0	3.2	59.3%	59.3%	2.97x	2.97x
2	Portuguese loan	22 May 2003	65,072,216	16.0%	7.0	4.5	67.1%	58.3%	2.39x	1.52x
3	Alliance loan	19 Nov 2004	84,942,216	20.9%	7.0	6.0	80.7%	63.5%	1.74x	1.03x
4	Italian loan	07 Aug 2003	107,218,139	26.4%	7.0	4.7	73.9%	65.2%	2.21x	2.21x
5	Randstad loan	14 Jul 2005	139,880,019	34.4%	5.1	4.8	74.1%	61.8%	2.80x	1.38x
Total/Weighted average			406,712,590	100.0%	6.3[1]	4.9	74.0%	62.4%	2.36x	1.58x

(1) Weighted for the original Loan balance.
The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Basic Property Characteristics

Loan No	Loan name	No. of assets	No. of leases	Origination Valuation	% of total Origination Valuation	Country	Asset type	Net Lettable Area	Per cent. Leased	Passing rent
1	CPFM loan	1	1	16,200,000	2.9%	The Netherlands	Industrial	33,118	100.0%	1,540,113
2	Portuguese loan	1	162	96,922,000	17.5%	Portugal	Retail	27,973	94.9%	8,320,803
3	Alliance loan	2	2	105,300,000	19.1%	The Netherlands	Office	64,999	100.0%	7,314,964
4	Italian loan	38	38	145,030,000	26.3%	Italy	Retail	96,372	100.0%	10,403,531
5	Randstad loan	20	118	188,838,648	34.2%	The Netherlands	Office/ industrial	135,025	95.3%	16,243,174
Total		62	321	552,290,648	100.0%			357,487	97.8%	43,822,585

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Loans by Country

Country	No. of loans	No. of assets	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
Italy	1	38	107,218,139	26.4%	145,030,000	26.3%	73.9%	65.2%	2.21x	2.21x
Portugal	1	1	65,072,216	16.0%	96,922,000	17.5%	67.1%	58.3%	2.39x	1.52x
The Netherlands	3	23	234,422,235	57.6%	310,338,648	56.2%	75.9%	62.3%	2.42x	1.32x
Total/Weighted average	5	62	406,712,590	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Loans by Asset Type

Asset type	Number of assets	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
Office	20	209,192,657	51.4%	273,038,648	49.4%	76.8%	62.5%	2.37x	1.24x
Retail	39	172,290,355	42.4%	241,952,000	43.8%	71.4%	62.6%	2.28x	1.95x
Industrial	3	25,229,578	6.2%	37,300,000	6.8%	68.4%	60.8%	2.86x	1.98x
Total	62	406,712,590	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Cut-Off Date Loan Balance

Cut-Off Date Loan Balance range	Number of loans	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
0 - 20,000,000	1	9,600,000	2.4%	16,200,000	2.9%	59.3%	59.3%	2.97x	2.97x
20,000,001 - 100,000,000	2	150,014,432	36.9%	202,222,000	36.6%	74.8%	61.3%	2.03x	1.24x
100,000,001 - 150,000,000	2	247,098,158	60.8%	333,868,648	60.5%	74.0%	63.3%	2.54x	1.74x
Total/Weighted average	5	406,712,590	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Cut-Off Date Loan to Value Ratio

Cut-Off Date LTV range	Number of loans	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
55.0% - 60.0%	1	9,600,000	2.4%	16,200,000	2.9%	59.3%	59.3%	2.97x	2.97x
60.1% - 70.0%	1	65,072,216	16.0%	96,922,000	17.5%	67.1%	58.3%	2.39x	1.52x
70.1% - 80.0%	2	247,098,158	60.8%	333,868,648	60.5%	74.0%	63.3%	2.54x	1.74x
80.1% - 85.0%	1	84,942,216	20.9%	105,300,000	19.1%	80.7%	63.5%	1.74x	1.03x
Total/Weighted average	5	406,712,590	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Maturity Loan to Value Ratios

Maturity LTV range	Number of loans	Maturity balance	% of total maturity balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
55.0% - 60.0%	2	66,107,733	19.2%	113,122,000	20.5%	66.1%	58.4%	2.47x	1.71x
60.1% - 65.0%	2	183,591,226	53.3%	294,138,648	53.3%	76.6%	62.5%	2.40x	1.25x
65.1% - 70.0%	1	94,558,050	27.5%	145,030,000	26.3%	73.9%	65.2%	2.21x	2.21x
Total/Weighted average	5	344,257,009	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Interest Cover Ratios

Cut-Off Date ICR	Number of loans	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
1.50x-2.00x	1	84,942,216	20.9%	105,300,000	19.1%	80.7%	63.5%	1.74x	1.03x
2.01x-2.50x	2	172,290,355	42.4%	241,952,000	43.8%	71.4%	62.6%	2.28x	1.95x
2.51x-3.00x	2	149,480,019	36.8%	205,038,648	37.1%	73.1%	61.6%	2.81x	1.48x
Total/Weighted average	5	406,712,590	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

Debt Service Cover Ratios

Cut-Off Date DSCR	Number of loans	Cut-Off Date Loan Balance	% of total Cut-Off Date Loan Balance	Aggregate Origination Valuation	% of total Aggregate Origination Valuation	WA LTV	WA Maturity LTV	WA ICR	WA DSCR
1.00x-1.50x	2	224,822,235	55.3%	294,138,648	53.3%	76.6%	62.5%	2.40x	1.25x
1.51x-2.00x	1	65,072,216	16.0%	96,922,000	17.5%	67.1%	58.3%	2.39x	1.52x
2.01x-2.50x	1	107,218,139	26.4%	145,030,000	26.3%	73.9%	65.2%	2.21x	2.21x
2.51x-3.00x	1	9,600,000	2.4%	16,200,000	2.9%	59.3%	59.3%	2.97x	2.97x
Total/Weighted average	5	406,712,590	100.0%	552,290,648	100.0%	74.0%	62.4%	2.36x	1.58x

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.
These figures are prepared on the basis that as at the Cut-Off Date the principal balance of the Portuguese Loan is €65,072,216.

THE LOANS AND RELATED SECURITY

Underwriting Standards

General

In connection with the origination of each of the Loans, the Originator evaluated the corresponding Property or Properties constituting security therefor in a manner generally consistent with the applicable standards described below. There will be no further evaluations made by the Originator in respect of the Loans prior to the Closing Date.

In connection with each Asset Transfer Agreement, written consent has been sought and obtained from each, valuer, property consultant and environmental assessor as to the reliance by the Issuer on each of their respective reports delivered in connection with the Originator by the Loans and the Properties.

Property Title Investigation

Prior to the origination of each Loan, the Originator undertook an investigation of title to the Property or Properties constituting security therefor in order to verify that the prospective Borrower of such Loan would have good title to such Property or Properties, free from any material encumbrances or other matters which would be considered by it to be of a material adverse nature.

With respect to each of the Loans, the Originator required that the Borrowers, acting through lawyers or notaries, undertook an investigation of title to the relevant Property or Properties, and lawyers acting for the Originator reviewed the investigation so undertaken. The process of investigating title was consistent with the standard adopted in the country in which the relevant Property or Properties are located.

Environmental Assessments

Prior to the origination of each Loan, a third-party environmental consultant prepared an environmental site assessment report, or updated or confirmed a previously conducted assessment, with respect to each Property constituting security therefor. The environmental testing at the Properties did not necessarily cover all potential environmental issues and the scope of the report obtained varied depending on, among other things, the nature of the relevant Property or Properties.

Each of the Credit Agreements contain representations and/or undertakings from the Borrowers relating to compliance with environmental laws, obtaining and holding all applicable environmental permits and authorisations and either requiring notification of any material environmental claim or representing that none has arisen. The environmental site assessments obtained at the time each Loan was originated did not contain any finding which required these representations and undertakings to be qualified in any material respect. However, in certain instances the Credit Agreements contain covenants requiring the relevant Borrower to implement remedial steps recommended in the applicable report.

Property Condition Assessments

As part of the due diligence undertaken in connection with the origination of the Loans, where the Originator considered it appropriate structural surveyors or third-party property condition firms conducted inspections, of certain Properties constituting security for the Loans.

When repairs or replacements were required, the related Borrower was required in respect of any of the Properties to carry out necessary repairs or replacements or fund reserves.

Property Management

Each Credit Agreement contemplates the appointment of a property manager (each a "**Property Manager**") in respect of the Properties constituting security for the relevant Loan. Each Property Manager's duties relate to the day to day management of the Properties which it is required to perform to certain standards set out in an agreement between such Property Manager and the relevant Borrower (each such agreement, a "**Property Management Agreement**"). The Property Management Agreements also require the Property Managers to perform a number of specific duties relating to the Properties. These duties vary depending on the nature and location of the Properties under management but can include, among other things, the collection of rent and service charges, maintenance of the Properties, monitoring compliance with laws and regulations relating to the Properties, maintaining insurance cover and assisting with filing insurance claims, recommending and overseeing repairs, renovations and capital expenditure programs, marketing the Properties to new tenants, negotiating the terms of new leases, assisting with the sale of Properties and preparing and maintaining records. The majority of the Credit Agreements provide that the appointment of a Property Manager cannot be terminated without the consent of the applicable facility agent. Each Credit Agreement also provides that if the appointment of any of the Property Managers is terminated for any reason, the Borrower may not appoint a new Property Manager without the consent of the facility agent.

Valuations

An independent valuer conducted a valuation of each of the Properties constituting security for the Loans at the time of origination ("**Origination Valuations**"), in order to establish the approximate market value of each Property. The Alliance Valuation, the CPFM Valuation, the Randstad Valuation, the Portuguese Valuation and the Italian Valuation (each a "**Valuation**" and together the "**Valuations**") are the basis for the valuation figures contained within this Offering Circular. The Valuations and the Origination Valuations were all undertaken by firms of chartered surveyors, undertaking the valuations in accordance with the recognised and accepted standards in the countries in which the relevant Properties are located.

Occupancy Statements, Operating Statements and Other Data

As part of the due diligence undertaken in originating the Loans, the Originator took steps to review, to the extent available or applicable, certain financial or other information it considered appropriate in relation to the Loans and the Properties. The nature of the information received varied from Loan to Loan depending on the nature and circumstances of the Properties and of the Borrowers and their affiliates but included among other things, business plans, operating budgets and financial statements, documentary confirmation of the passing rent, the occupational leases and other relevant documents such as guarantees given by parents of the occupational tenants. Under each of the Credit Agreements, the Borrowers provide a representation as to the accuracy of the information delivered to the Originator in connection with the relevant Loan, thus validating the due diligence undertaken by the Originator.

Against this background, each of the Loans in the Loan Pool is described below.

Alliance Loan

Cut-Off Date Principal Balance:	€84,942,216
% of Pool Balance:	20.9%

Philips office in Eindhoven

KPN office in Groningen

Alliance Loan

Cut-Off Date Principal Balance:	**€84,942,216**
% of Pool Balance:	**20.9%**

The Alliance Loan and Property Summary

Alliance Loan Information	
Original Principal Balance:	€87,600,000
Cut Off Date Loan Principal Balance:	€84,942,216
Loan Purpose:	Refinancing
Loan Closing Date:	19 November 2004
Loan First Payment Date:	15 February 2005
Amortisation:[(1)]	Yes
Loan Maturity Date:	15 November 2011
Scheduled Maturity Balance:	€66,886,104
Extension Options(s):	None
Loan Payment Dates:[(2)]	February 15, May 15, August 15, November 15
Fixed/Floating Rate:	Floating
Borrower Hedging:	Yes (Swap)
Swap Provider:	JPMorgan Chase Bank N.A.
Loan Reference Rate:	3 month EURIBOR
Loan Margin:	1.100 per cent.
Loan Interest Calculation:	Actual/360
Call Protection: [(3)]	Yes
Up-Front Reserves: [(4)]	Yes (€3,370,000)
Ongoing Reserves:	None

Alliance Property Information	
Single Asset/Portfolio:	Portfolio
Property Type:	Office
The Collateral:	Two office complexes
Number of Properties:	2
Location:	Eindhoven, Netherlands Groningen, Netherlands
Year Built/Renovated: [(5)]	Various
Date and term of lease(s):[(6)]	Various
Net Lettable Area:	64,999sqm
Per cent. Leased:	100.0 per cent.
Freehold or Leasehold:	Mainly Freehold
Origination Valuation:	€105,300,000
Date of Valuation:	October 2004
Valuer:	Weatherall Vastgoed Adviseurs
Property Manager:	VB&T Vastgoed Management BV
Cut-Off Date Loan PSM:	€1,306.8
Cut-Off Date LTV:	80.7 per cent.
Maturity Date LTV:	63.5 per cent.
Underwritten Net Cashflow:	€6,795,250
Underwritten DSCR:[(7)]	1.03x
Underwritten ICR:[(7)]	1.74x

(1) Commencing on 15 February 2005, the Borrower is required to repay amounts quarterly starting at €652,620 increasing to €894,396 on 15 August 2011.
(2) Or preceding Business Day.
(3) The first Alliance Payment Date on which prepayments can be made without incurring prepayment fees is 15 February 2009.
(4) €3,370,000 is held in escrow account and will be used to annually pay €350,000 to Philips Lighting from 2006 up to the Alliance Maturity Date, on which date the remainder of the Alliance Reserve Account shall be applied towards repayment of the Alliance Loan. The €350,000 discount is indexed to inflation in the same way as the rental income is.
(5) The office building located in Eindhoven was renovated in 2001; the office building located in Groningen was built in 1990-1992.
(6) Weighted Average Life to first break option is 8.7 years as of the Cut-Off Date.
(7) Each underwritten ratio is calculated including payments due under the hedging agreement.

The Alliance Loan was made by the Originator to Alliance II C.V. (the "**Alliance Borrower**") represented by its sole managing partner, Beheer Alliance II BV (the "**Managing Partner**") pursuant to a credit agreement (the "**Alliance Credit Agreement**") dated 19 November 2004 (the "**Alliance Loan**"). As at the Cut-Off Date, the Alliance Loan had a principal amount outstanding of €84,942,216. The scheduled maturity date of the Alliance Loan is 15 November 2011. The Alliance Credit Agreement is governed by the law of the Netherlands.

The Alliance Loan is secured by, among other things, first ranking mortgages, created and perfected under Netherlands law, over two Properties (the "**Alliance Properties**"), both in the Netherlands, one located in Groningen and the other in Eindhoven. At the time the Originator obtained the Alliance Valuation Reports the market value in leased conditions of the Alliance Properties was €105,300,000 in aggregate, the market value of the Property located in Groningen being €47,900,000 and the market value of the Property located in Eindhoven being €57,400,000.

In addition to creating the mortgages over the Alliance Properties, on or about the date of the Alliance Credit Agreement, the Alliance Borrower, certain affiliates of the Alliance Borrower and the Alliance Security Trustee entered into certain other security agreements (together with the mortgages, the "**Alliance Security Agreements**") creating the Alliance Related Security. The Alliance Security Agreements are also governed by the laws of the Netherlands.

Alliance Properties

Information regarding the two tenants of the Alliance Properties and a lease rollover schedule are provided in the tables below.

Alliance Loan Tenants

The two tenants occupying the Alliance Properties as at the Cut-Off Date are as follows:

Tenant	S&P's credit rating	Moody's credit rating	Fitch credit rating	Net Lettable Area (SqM)	Passing rent	% of total passing rent	Passing rent per SqM	Time to First Break (years)	Time to Expiration (years)
Philips Lighting BV[(1)]	A-	Baa1	BBB+	39,660	3,888,069	53.2%	98.0	9.1	9.1
KPN Telecom BV[(1)]	A-	Baa1	BBB+	25,339	3,426,895	46.8%	135.2	8.3	8.3
Total				64,999	7,314,964	100.0%	112.5	8.7	8.7

(1) Rating of the parent company that guarantees the rental payment.

Lease Rollover Schedule (Tenants' first break option)

The following table sets forth the lease rollover schedule as at the Cut-Off Date:

Year Ending 31 December	Number of leases rolling	Passing rent rolling	% of total passing rent rolling	Cumulative % of total passing rent rolling	Net Lettable Area (SqM)	% of total Net Lettable Area rolling	Cumulative % of total Net Lettable Area rolling
Vacant	n/a	0	0.0%	0.0%	0	0.0%	0.0%
2005	0	0	0.0%	0.0%	0	0.0%	0.0%
2006	0	0	0.0%	0.0%	0	0.0%	0.0%
2007	0	0	0.0%	0.0%	0	0.0%	0.0%
2008	0	0	0.0%	0.0%	0	0.0%	0.0%
2009	0	0	0.0%	0.0%	0	0.0%	0.0%
2010	0	0	0.0%	0.0%	0	0.0%	0.0%
2011	0	0	0.0%	0.0%	0	0.0%	0.0%
2012 and beyond	2	7,314,964	100.0%	100.0%	64,999	100.0%	100.0%
Total	2	7,314,964	100.0%	100.0%	64,999	100.0%	100.0%

The Alliance Borrower

The Alliance Borrower is a limited partnership (*commanditaire vernootschap*) organised under the laws of the Netherlands with its registered office at Stratumsedijk 16, 5611 ND, Eindhoven, the Netherlands. The objects of the Alliance Borrower are contained in a partnership agreement (the "**Alliance Partnership Agreement**") and are limited to investing in the Alliance Properties for the joint account and risk of its partners. As such, the Alliance Borrower is a Special Purpose Entity.

The sole managing partner of the Alliance Borrower is the Managing Partner. The Managing Partner is itself a special purpose vehicle whose objects are restricted to managing the Alliance Borrower. The other partners of the Alliance Borrower are the two limited partners, each of whom have a limited partnership interest in the Alliance Borrower. The Alliance Partnership Agreement contains covenants

which prevent the partners (other than the Managing Partner) exercising management control over the Alliance Borrower. As at the Cut-Off Date the sponsors of the Alliance Borrower were VB&T Vastgoedmanagement B.V., Mr T.J.M. Moeslops, Mr H.C.P.M. van de Moesdijk, Mr M.M.J.J. Boekhoorn, Mr E. Companjen, Mr D.G. van Riemsdijk, Bennehoven C.V. and Mullas B.V. The identity of one or more of the sponsors may change before the scheduled maturity date of the Alliance Loan.

Notwithstanding the partnership structure of the Alliance Borrower, none of the partners have any direct proprietary interest in the Alliance Properties (except that the Managing Partner, which as indicated above is a special purpose vehicle, holds title to the Alliance Properties for the benefit of the Alliance Borrower) and the Alliance Properties will not, in themselves, constitute assets of the partners of the Alliance Borrower, available to meet the claims of their creditors. To that extent, the Alliance Properties are not exposed to the risk of the insolvency of the partners.

Subordination

The Alliance Borrower also entered into loan agreements with two of its partners under which those sponsors provided additional debt finance to the Alliance Borrower (the "**Alliance Subordinated Loan Agreements**") in connection with the financing of the Alliance Properties. Payments of amounts owing in respect of the other Alliance Subordinated Loan Agreements are expressly subordinated to payments of amounts owing in respect of the Alliance Finance Documents pursuant to a deed of subordination (the "**Alliance Deed of Subordination**" and together with the Alliance Credit Agreement and the Alliance Security Agreements, the "**Alliance Finance Documents**") between, among others, the Alliance Borrowers, the Alliance Security Trustee and the lenders of the Alliance Subordinated Loan Agreement.

For further information about certain Netherlands legal considerations relating to the Alliance Deed of Subordination, see "Certain Matters of Netherlands Law" at page 186.

Principal Amount of the Alliance Loan

The Alliance Loan was drawn down on 22 November 2004. The principal amount drawn was €87,600,000 (the "**Initial Allocated Loan Amount**").

However, on the drawdown date, €7,200,000 (the "**Alliance Reserve Amount**") was withheld from the proceeds of the Alliance Loan in the Alliance Reserve Account to establish a reserve fund (the "**Alliance Reserve Fund**") in order to protect against certain contingencies.

€3,830,000 of the Alliance Reserve Fund was released in September 2005 in connection with the extension of a lease contract relating to one of the Alliance Properties (the "**Philips Property**")

If the Alliance Borrower does not sell the Philips Property before the Alliance Maturity Date, an amount equal to the sum of €350,000 plus any increase will be released from the Alliance Reserve Account on a yearly basis, as from 2006 up to the Alliance Maturity Date, on which date the remainder of the Alliance Reserve Account shall be applied towards repayment of the Alliance Loan.

In the event that the Alliance Borrower sells the Phillips Property before the Alliance Maturity Date, the remainder of the Alliance Reserve Amount deposited in the Alliance Reserve Account at that time will be released by the Alliance Lender after the Lender has received the (partial) mandatory prepayment of the Alliance Loan due to it from the Borrower.

Purpose of the Alliance Loan

The Originator advanced the Alliance Loan to the Alliance Borrower for the purpose of refinancing certain debt outstanding in respect of the Alliance Properties.

Payment of Interest on the Alliance Loan

The Alliance Borrower is required to pay interest in respect of the Alliance Loan quarterly in arrear on the 15 February, 15 May, 15 August and 15 November in each year or if such date is a non-business day on the immediately preceding business day (each such date, an "**Alliance Payment Date**").

The rate of interest applicable to the Alliance Loan is based on three month EURIBOR plus a margin plus mandatory costs. In order to protect itself against an adverse change in the rate of EURIBOR above a certain rate, the Alliance Borrower has entered into an interest rate swap transaction (the "**Alliance Hedging Arrangements**") which is due to terminate on the scheduled maturity date of the Alliance Loan. The notional amount of the Alliance Hedging Arrangements reduces in line with the scheduled repayments of the Alliance Loan. Pursuant to the Alliance Hedging Arrangements the Alliance Borrower receives interest on the notional amount at a rate based on three month EURIBOR from the hedge counterparty and is obliged to pay the hedge counterparty interest on the notional amount calculated at a fixed rate.

Repayment of Principal in respect of the Alliance Loan

The Alliance Borrower is required to repay part of the principal amount outstanding of the Alliance Loan in instalments on each Alliance Payment Date. The amount which the Alliance Borrower is required to repay in this way is calculated based on a percentage and principal balance of the Alliance Loan, the applicable percentage rising from 0.745 per cent to 1.021 per cent. The Alliance Borrower is required to repay the remainder of the Alliance Loan in full on the 15 November 2011, being the scheduled maturity date of the Alliance Loan (the "**Alliance Maturity Date**").

In addition to the requirements to make mandatory repayments of the principal amount outstanding of the Alliance Loan, the Alliance Borrower:

(a) may, under certain circumstances, make voluntary prepayments, in full or in part of the principal amount outstanding of the Alliance Loan; and

(b) must, under certain other circumstances make mandatory prepayments, in full or in part of the principal amount outstanding of the Alliance Loan.

The Alliance Borrower may prepay the Alliance Loan in full or in part provided that the minimum amount of any prepayment is €1,000,000. The Alliance Borrower may also make a voluntary prepayment of all of the principal amount outstanding of the Alliance Loan if it is required to gross-up any payment as a result of a tax deduction, to pay the Lender any additional costs incurred by the Lender and in the event that it becomes unlawful for the Lender to give effect to any of its rights under the Alliance Credit Agreement.

The Alliance Borrower is also required to make prepayment of the Alliance Loan on disposal of either of the Alliance Properties, the amount of the prepayment required varying depending on which Property is disposed of. For further information about this obligation to make prepayment under those circumstances, see "Disposals under the Alliance Loan" at page 112.

If the Alliance Borrower makes a voluntary prepayment or a mandatory prepayment of the principal amount outstanding of the Alliance Loan (including a prepayment followed by a redrawing by another Alliance Borrower) it may be required to pay certain prepayment fees, indemnity amounts and break costs to the Lender. The Alliance Borrower will not, however need to pay prepayment fees in respect of prepayments occurring from 15 February 2009.

Tax Gross Up obligations under the Alliance Loan

The Alliance Borrower covenants, under the terms of the Alliance Credit Agreement, to make all payments due in respect of the Alliance Loan without deduction for or on account of tax, unless such deduction is required by law.

In the case of the deductions referred to above and any other deductions required by law, the Alliance Borrower is required to increase the payments due from them under the Alliance Credit Agreement by an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

Bank Accounts relating to the Alliance Loan

The Alliance Credit Agreement requires the Alliance Borrower to maintain:

(a) a rent account (the "**Alliance Rent Account**"),

(b) a general account (the "**Alliance General Account**")

(c) a reserve account (the "**Alliance Reserve Account**"); and

(d) an expenses account (the "**Alliance Expenses Account**").

The Alliance Rent Account, the Alliance Expenses Account and the Alliance General Account (together, the "**Alliance Onshore Accounts**") are held with F. Van Lanschot Bankiers NV in the Netherlands. The Alliance Reserve Account is held with JPMorgan Chase Bank, N.A. in England.

Cash-flows into and from the Alliance Rent Account

All Rental Income and Disposal Proceeds relating to the Alliance Properties is required, under the terms of the Alliance Credit Agreement, to be collected into the Alliance Rent Account.

Prior to the occurrence of an Alliance Event of Default or a potential Alliance Event of Default (each an "**Alliance Default**"), on each Alliance Payment Date, the Borrower will apply the amounts then on deposit in the Alliance Rent Account in the following order of priority to pay:

(a) first, any unpaid periodic costs and any break costs due to the counterparty under any hedging arrangement approved by the Lender;

(b) second, the fees and expenses of the Alliance Security Trustee and the account bank;

(c) third, €137,500 to the Alliance Expenses Account;

(d) fourth, fees costs expenses and default interest due to the Netherlands Finance Parties;

(e) fifth, unpaid periodic costs and all accrued interest (other than default interest) to the Netherlands Finance Parties;

(f) sixth, all amounts payable to the Lender in respect of break costs and indemnities for prepayment;

(g) seventh, all other secured obligations then due and payable to the Lender;

(h) eighth, the amount of any fees payable under the management agreement relating to the Alliance Loan; and

(i) ninth, the surplus to the Alliance General Account.

Control over the Alliance Rent Account

Prior to the occurrence of an Alliance Default, the Alliance Borrower and the Alliance Security Trustee each have signing rights in relation to the Alliance Rent Account. If an Alliance Default occurs and is not waived, the Alliance Security Trustee may give notice that no withdrawals from the Alliance Rent Account may occur without its consent, and thereafter it has effective control over the Alliance Rent Account.

Cash-flows into and out of the Alliance Expenses Account

As indicated above, on each Alliance Payment Date, €137,500 is transferred from the Alliance Rent Account to the Alliance Expenses Account to the extent that sufficient funds are available in the Alliance Rent Account after making all payments required to be made in priority thereto. The amounts deposited in the Alliance Expenses Account may be applied to meet general operating expenses such as insurance premia, maintenance and repair costs, management fees and expenses and VAT on rental income (together the "**Alliance Expenses**").

Control over the Alliance Expenses Account

Prior to the occurrence of an Alliance Default, the Alliance Borrower has signing rights in relation to the Alliance Expenses Account. If an Alliance Default occurs and is not waived (a) the Alliance Security Trustee will have sole signing rights in relation to the Alliance Expenses Account and (b) the Alliance Security Trustee and the Lender may give notice that no withdrawals may occur without the Lender's consent. In addition, at any time, the Alliance Security Trustee may withdraw sums from the Alliance Expenses Account to meet any of the Alliance Expenses.

Cash-flows into and from the Alliance General Account

On each Alliance Payment Date all surplus amounts remaining in the Alliance Rent Account, after payment of the amounts required to be paid for debt service and transaction expenses, as indicated above, are transferred to the Alliance General Account. The Alliance Borrower can withdraw amounts standing to the credit of the Alliance General Account for any purpose consistent with the Alliance Finance Documents. However, if the operating expenses in any quarterly period exceed the amount available in the Alliance Expenses Account, the Alliance Borrower must use the funds in the General Account to cover the shortfall in Alliance Expenses Account.

Control over the Alliance General Account

Prior to the occurrence of an Alliance Default, the Alliance Borrower has signing rights in relation to the Alliance General Account. If an Alliance Default occurs and is not waived the Alliance Security Trustee may give notice that no withdrawals may occur from the Alliance General Account without its consent.

Cash-flows into and from the Alliance Reserve Account

As described above, the amounts standing to the credit of the Alliance Reserve Account may be withdrawn under certain circumstances, either to be paid to Philips Lighting B.V. or to repay or prepay the Alliance Loan, as the case may be.

Control over the Alliance Reserve Account

The Alliance Security Trustee has signing rights in respect of the Alliance Reserve Account.

Representations and Warranties under the Alliance Credit Agreement

The Alliance Credit Agreement contains various representations and warranties made by the Alliance Borrower and Managing Partner. These representations were given on the date of the Alliance Credit Agreement and certain of them are deemed to have been repeated on the date of each drawdown request and on each Alliance Payment Date, by reference to the facts and circumstances then existing.

The representations and warranties contained in the Alliance Credit Agreement include the following:

(a) the Alliance Borrower is a limited partnership (*commanditaire vennootschap*) and the Managing Partner is a private limited company (*besloten vennootschap met beperkte aansprakelijkheidI*) and each of them duly registered and validly existing under the laws of the Netherlands;

(b) each of the Alliance Borrower and the Managing Partner has the power to enter into, each of the Alliance Finance Documents to which it is a party and perform its obligations thereunder;

(c) no Alliance Event of Default or potential Alliance Event of Default is continuing or would occur as a result of making the Alliance Loan;

(d) all information supplied by or on behalf of the Alliance Borrower and the Managing Partner to the Lender in connection with the Alliance Finance Documents was complete and accurate in all material respects;

(e) except as disclosed in the Alliance Deed of Mortgage (which does not include any materially adverse disclosure), the Alliance Borrower is the legal and beneficial owner of, and has good and valid title to the Alliance Properties;

(f) all of the buildings on the Alliance Property are in good and substantial repair;

(g) the Alliance Property is free from any security interest or any tenancies or licences except of the occupational leases and nothing has arisen or has been created or is subsisting which would be an overriding interest in the Alliance Property; and

(h) the Alliance Borrower and the Managing Partner have not traded or carried on any business since their incorporation or formation other than conducting the business of acquiring, managing and owning the Alliance Properties and related activities consistent with the Alliance Finance Documents.

Undertakings under the Alliance Credit Agreement

Each of the Alliance Borrower and the Managing Partner gives various undertakings in the Alliance Credit Agreement. The undertakings include the following:

(a) to provide in respect of the Alliance Borrower and the Managing Partner in each year, its audited financial statements, (in the case of the Alliance Borrower only) its annual budget and (in the case of the Alliance Borrower only) its unaudited quarterly management accounts;

(b) to notify the Lender of the occurrence of any Alliance Event of Default and any steps being taken to remedy the same;

(c) neither the Alliance Borrower nor the Managing Partner shall create any security over, any part of its assets without the prior consent of the Lender;

(d) the Alliance Borrower and the Managing Partner shall only conduct the business of owning and managing the Alliance Properties and related activities in a manner consistent with the Alliance Finance Documents and neither of them has owned any other property or conducted any other business in the past;

(e) neither the Alliance Borrower nor the Managing Partner, shall, other than as specifically permitted under the Alliance Credit Agreement, enter into any transaction with any person otherwise than on arm's length terms;

(f) the Alliance Borrower will pay on the same becoming due all calls or other payments which may become due in respect of any securities and investments;

(g) the Alliance Borrower and the Managing Partner will maintain separate identities and separate books and bank accounts;

(h) Neither the Alliance Borrower nor the Managing Partner will, subject to the terms of any existing occupational lease and any court order, without the consent of the Alliance Security Trustee, grant any new occupational lease or licence or waive, amend or assign any occupational lease or agree to any rent review other than a review upwards to market value;

(i) the Alliance Borrower will provide in respect of each quarter (i) a schedule of the existing occupational tenants of the Alliance Properties showing among other things rent and service charges, the date of termination and any special concession or provision, (ii) details of any arrears under any occupational lease and the steps being taken to collect them, (iii) details of rent reviews, of any expired or surrendered occupational lease and of any proposed new lettings (iv) copies of all material correspondence with insurance brokers; and (v) details of

any proposed capital expenditure and any material repairs required in respect of the Alliance Properties; and

(j) the Alliance Borrower will not allow any circumstances to arise which could lead to an environmental claim or the revocation, suspension, variation or non-renewal of any environmental licence and will promptly take all steps recommended to be implemented under any environmental report or valuation.

Insurance Undertakings under the Alliance Loan

Each of the Alliance Borrower and the Managing Partner undertakes, under the Alliance Credit Agreement, to maintain insurance in respect of each of the Alliance Properties, against loss or damage (by a number of specified causes), product risks, third party risks, public liability risks, two years' loss of rental income and such other risks and contingencies as are insured in accordance with sound commercial practice or which the Lender may direct from time to time.

The Alliance Borrower and the Managing Partner undertake to procure that**:**

(a) in the case of insurance against product risks and third party and public liability risks, if the Lender so requires, the Alliance Security Trustee is named as co-insured under the applicable insurance policy; and

(b) in the case of each other insurance policy, the Alliance Security Trustee is named as co-insured and loss payee under such policy and that the policy contains a provision under which the proceeds of insurance are payable directly to the Alliance Security Trustee.

Each insurer must be approved by the Lender and must have a long term unsecured rating of "A" or better by Fitch and S&P and "A2" or better by Moody's. The insurers in respect of the Alliance properties are currently Nationale-Nederlanden.

Financial Undertakings under the Alliance Loan

The Alliance Borrower will ensure that the Alliance Loan shall at no time exceed 85 per cent. of the open market value of the Property determined in accordance with the most recent valuation. The Lender may at any time request a valuation of the Alliance Properties. The cost of any such valuation will, however, be borne by the Lender.

Disposals under the Alliance Loan

The Alliance Borrower may not dispose of part of a Alliance Property. The Alliance Borrower may however, dispose of the whole of a Alliance Property if upon completion of such disposal an amount equal to:

(a) 105 per cent. of the amount of the Alliance Loan allocated to that Alliance Property (adjusted to take account of earlier prepayments or repayments) if the tenant for the remaining Alliance Property has a rating of at least "BBB", "Ba3" and "BBB" (from S&P, Moody's and Fitch respectively); and

(b) 110 per cent. of the amount of the Alliance Loan allocated to that Alliance Property (adjusted to take account of earlier prepayments or repayments) if the tenant for the remaining Alliance Property has a rating of less than "BBB", "Ba3" or "BBB" (from S&P, Moody's or Fitch respectively),

is used to prepay the principal amount outstanding in respect of the Alliance Loan.

Upon disposal of all of the Alliance Properties, the Alliance Loan must be prepaid in full, unless the disposal is made, with the Lender's consent, to a company in the Alliance Borrower's group where the only shareholders are the existing sponsors of the Alliance Borrower. The Lender's consent is not to be unreasonably withheld but will be subject to satisfaction of various conditions including that the transferee is a newly formed single purpose entity, appropriate opinions being issued and

confirmation from the Rating Agencies that the ratings of the Notes will not be adversely affected as a result of such transfer.

Events of Default under the Alliance Loan

The Alliance Credit Agreement contains various events of default (each a "**Alliance Event of Default**") which include (subject to applicable grace periods and materiality thresholds) the following:

(a) the Alliance Borrower does not pay, on the Alliance Payment Date, any amount payable pursuant to a Alliance Finance Document;

(b) breach by the Alliance Borrower or the Managing Partner of other obligations under the Alliance Finance Documents;

(c) any representation, warranty or statement made or deemed to be made by the Alliance Borrower or the Managing Agent in the Alliance Finance Documents is or proves to have been incorrect or misleading in any respect when made or deemed to be made;

(d) the Alliance Property is destroyed or damaged in a manner that is not fully insured against;

(e) the Alliance Borrower, the Managing Partner or any tenant under an occupational lease is insolvent or unable to pay its debts or subject to certain other insolvency related events;

(g) any financial indebtedness of the Alliance Borrower or the Managing Partner is not paid when due or is eligible to be accelerated;

(h) the Alliance Borrower and the Managing Partner cease to be wholly owned by the sponsors of the Alliance Borrower;

(i) the Alliance Borrower or the Managing Partner ceases or threatens to cease to carry on a substantial part of its business; and

(j) it becomes unlawful (i) for the Alliance Borrower to perform or pay its secured obligations or (ii) for the Alliance Borrower or the Property Manager to perform any other obligation under the Alliance Finance Documents.

At any time after a Alliance Event of Default has occurred, the Lender and/or the Alliance Security Trustee may do any of the following:

(a) declare that any part of the Alliance Borrower's obligations under the Alliance Finance Documents are either (i) immediately due and payable or (ii) due and payable on demand; or

(b) take any step to enforce the Alliance Related Security or to exercise any rights of the Lender and/or the Alliance Security Trustee under the Alliance Finance Documents.

The Alliance Related Security

The Alliance Loan is secured by a number of security interests, together constituting the Alliance Related Security.

The Alliance Deed of Mortgage

On 22 November 2004 the Alliance Borrower created a pledge and mortgage (*hypotheekrecht*) of the Alliance Properties and certain other assets in favour of the Alliance Security Trustee, pursuant to a deed of pledge and mortgage (the "**Alliance Deed of Mortgage**"). The amount secured by the Alliance Deed of Mortgage is €87,600,000 in respect of principal and €43,800,000 in respect of interest and other claims in each case in respect of (i) Alliance Borrower's obligations to the Originator, the Alliance Security Trustee and the other Finance Parties under the Alliance Finance Documents and (ii) the Borrower's obligations under the Parallel debt. For further information about

the parallel debt arrangements entered into in respect of the Alliance Loan, see "Certain Matters of Netherlands Law - Parallel Debt Arrangements" at page 189. The Mortgage created by Alliance Deed of Mortgage is first ranking and has been registered at the relevant land registry.

The security granted under the Alliance Deed of Mortgage will become enforceable:

(a) if the Alliance Borrower defaults in the payment of any sum due under the Alliance Finance Documents; or

(b) if the Alliance Borrower "gravely defaults" in the performance of its obligations to the Alliance Security Trustee.

The Alliance Deed of Mortgage is governed by Netherlands law.

The Alliance Receivables Pledge

Pursuant to a deed of pledge dated 19 November 2004 (the "**Alliance Receivables Pledge**"), the Alliance Borrower created a pledge in favour of the Alliance Security Trustee of its rights over all its present and future receivables arising from its then existing legal relationships including but not limited to receivables arising under insurance policies, occupational leases relating to the Alliance Properties and amounts standing to the credit of the Alliance Rent Account arising from an existing legal relationship. In addition, the Alliance Borrower undertakes, under the Alliance Receivables Pledge, to grant additional disclosed and undisclosed pledges over its future receivables promptly upon a new legal relationship coming into existence, or at the request of the Alliance Security Trustee.

The amount secured by the Alliance Receivables Pledge (the "**Alliance Secured Obligations**") is:

(a) all the obligations of the Alliance Borrower for the payment of money due in connection with the Alliance Finance Documents to the Lender or the Alliance Security Trustee; and

(b) the parallel debt owed to the Alliance Security Trustee.

For further information about the parallel debt owed to the Alliance Security Trustee and its efficacy as a matter of Netherlands law, see "Certain Matters of Netherlands Law – The Parallel Debt" at page 189.

The Alliance Borrower undertakes in the Alliance Credit Agreement that all the security created by the Alliance Deed of Pledge will be first ranking and gives a similar representation in the Alliance Deed of Pledge.

The security granted under the Alliance Receivables Pledge will become enforceable upon occurrence of a Alliance Event of Default.

The Alliance Receivables Pledge is governed by Netherlands law.

Security relating to the ownership interests in Alliance Borrower

Pursuant to a pledge (the "**Alliance Managing Partner Pledge**") dated 22 November 2004, Academia Belegingen 3 B.V. created a pledge over its shares in the Managing Partner in favour of the Alliance Security Trustee. Pursuant to a pledge (the "**Alliance Borrower Pledge**" and together with the Alliance Managing Partner Pledge, the "**Alliance Control Pledges**") dated 22 November 2004, the three partners of the Alliance Borrower created a pledge over the claims of each of the partners in the Alliance Borrower in favour of the Alliance Security Trustee.

It is unclear, as a matter of Netherlands law, to what extent claims of a partner under a partnership agreement can be validly pledged, as the partnership relationship is regarded as a highly personal one. Monetary rights arising out of a partnership agreement, however, are not regarded as being highly personal rights and may consequently be pledged by a partner to a third party, unless the partnership agreement specifically provides otherwise. It is, however, unclear whether and to what

extent other rights can be pledged as these rights are considered personal rights. As the definition of 'participations' is very broad under the instruments of pledge, it is uncertain to what extent a right of pledge can be created on such 'participations' in the Alliance Borrower.

The amount secured by each of the Alliance Control Pledges is the Alliance Secured Obligations.

The Alliance Control Pledges each become enforceable on the occurrence of an Alliance Event of Default relating to non-payment or illegality or which has occurred due to notification from the Alliance Borrower that default is likely or on the Alliance Final Maturity Date, or on occurrence of an Alliance Event of Default of which the Alliance Borrower has notice and which it has failed to remedy within a reasonable period.

The Alliance Control Pledges are governed by Netherlands law.

Security over the Alliance Reserve Account

Pursuant to a deed of charge (the "**Alliance Reserve Account Charge**") dated 19 November 2004, the Alliance Borrower created a first fixed charge over the Reserve Account. The amount secured by the Alliance Reserve Account Charge is the Alliance Secured Obligations.

The Alliance Reserve Account Charge becomes enforceable on the occurrence of a Alliance Event of Default which is continuing.

The Alliance Reserve Account Charge is governed by English law.

For further information about the Alliance Related Security and certain matters of Netherlands law impacting upon it, see "Certain Matters of Netherlands Law" at page 186.

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CPFM Loan	Cut-Off Date Principal Balance:	€9,600,000
	% of Pool Balance:	2.4%

Whirlpool distribution centre

CPFM Loan	Cut-Off Date Principal Balance:	€9,600,000
	% of Pool Balance:	2.4%

The CPFM Loan and Property Summary

CPFM Loan Information	
Original Principal Balance:	€9,600,000
Cut Off Date Loan Principal Balance:	€9,600,000
Loan Purpose:	Acquisition
Loan Closing Date:	28 January 2004
Loan First Payment Date:	15 February 2004
Amortisation:	No
Loan Maturity Date:	30 January 2009
Scheduled Maturity Balance:	€9,600,000
Extension Options(s):	None
Loan Payment Dates:(1)	February 15, May 15, August 15, November 15
Fixed/Floating Rate:	Floating
Borrower Hedging:	Yes (Swap)
Swap Provider:	JPMorgan Chase Bank N.A.
Loan Reference Rate:	3 month EURIBOR
Loan Margin:	1.150 per cent.
Loan Interest Calculation:	Actual/360
Call Protection: (2)	Yes
Up-Front Reserves:	None
Ongoing Reserves: (3)	Yes

CPFM Property Information	
Single Asset/Portfolio:	Single Asset
Property Type:	Industrial
The Collateral:	Distribution centre leased to Whirlpool
Number of Properties:	1
Location:	4906 CJ Oosterhout The Netherlands
Year Built/Renovated:	1992 (old warehouse) / 1995 (new warehouse)
Date and term of lease(s):	31 January 2009
Net Lettable Area:	33,118sqm
Per cent. Leased:	100.0 per cent.
Freehold or Leasehold:	Freehold
Origination Valuation:	€16,200,000
Date of Valuation:	01 January 2004
Valuer:	DTZ Zadelhoff
Property Manager:	Catella Property Management B.V.
Cut-Off Date Loan PSM:	€289.9
Cut-Off Date LTV:	59.3 per cent.
Maturity Date LTV:	59.3 per cent.
Underwritten Net Cashflow:	€1,322,563
Underwritten DSCR:(4)	2.97x
Underwritten ICR:(4)	2.97x

(1) Or preceding Business Day.
(2) The first CPFM Payment Date on which prepayments can be made without incurring prepayment fees is 15 February 2008.
(3) If the tenant gives the 18 month notice to discontinue the lease after five years, all the cash will be trapped until a new lease contract approved by the lender is signed and the new tenant has started to pay the rent.
(4) Each underwritten ratio is calculated including payments due under the hedging agreement.

The CPFM Loan was made by the Originator to AB CPFM Europroperty III B.V. (the "**CPFM Borrower**") pursuant to a credit agreement (the "**CPFM Credit Agreement**") dated 28 January 2004. As at the Cut-Off Date, the CPFM Loan had a principal amount outstanding of €9,600,000. The scheduled maturity date of the CPFM Loan is 30 January 2009. The CPFM Credit Agreement is governed by the laws of the Netherlands.

The CPFM Loan is secured by, among other things, a first ranking mortgage, created and perfected under Netherlands law, over a Property located at Oosterhout in the Netherlands (the "**CPFM Property**"). At the time the Originator obtained the CPFM Valuation Report the market value of the CPFM Property was €16,200,000 as at 1 January 2004.

In addition to the first ranking mortgage over the Alliance Property, on or about the date of the CPFM Credit Agreement, the CPFM Borrower, certain affiliates of the CPFM Borrower and the Originator, among others, entered into certain other security agreements (together with the mortgage over the Alliance Property, the "**CPFM Security Agreements**") creating the CPFM Related Security.

CPFM Property

Information regarding the tenant of the CPFM Property and a lease rollover schedule are provided in

the tables below.

CPFM Loan Tenants

One tenant occupies the CPFM Property in its entirety as at the Cut-Off Date:

Tenant	S&P's credit rating	Moody's credit rating	Fitch credit rating	Net Lettable Area (SqM)	Passing rent	% of total passing rent	Passing rent per SqM	Time to First Break (years)	Time to Expiration (years)
Whirlpool Nederland B.V.[(1)]	BBB+	Baa1	BBB+	33,118	1,540,113	100.0%	46.5	3.2	3.2
Total				33,118	1,540,113	100.0%	46.5	3.2	3.2

[(1)] Rating of the parent company that guarantees the rental payment.

Lease Rollover Schedule (Tenants' first break option)

The following table sets forth the lease rollover schedule as at the Cut-Off Date:

Year Ending 31 December	Number of leases rolling	Passing rent rolling	% of total passing rent rolling	Cumulative % of total passing rent rolling	Net Lettable Area (SqM)	% of total Net Lettable Area rolling	Cumulative % of tot Net Lettable Area rolling
Vacant	n/a	0	0.0%	0.0%	0	0.0%	0.0%
2005	0	0	0.0%	0.0%	0	0.0%	0.0%
2006	0	0	0.0%	0.0%	0	0.0%	0.0%
2007	0	0	0.0%	0.0%	0	0.0%	0.0%
2008	0	0	0.0%	0.0%	0	0.0%	0.0%
2009	1	1,540,113	100.0%	100.0%	33,118	100.0%	100.0%
2010	0	0	0.0%	100.0%	0	0.0%	100.0%
2011	0	0	0.0%	100.0%	0	0.0%	100.0%
2012 and beyond	0	0	0.0%	100.0%	0	0.0%	100.0%
Total	1	1,540,113	100.0%	100.0%	33,118	100.0%	100.0%

The CPFM Borrower

The CPFM Borrower is a limited liability private company incorporated in the Netherlands in November 2003 with its registered office at Kabelweg 37, 1014 BA, Amsterdam, the Netherlands. The CPFM Borrower's activities are limited by the undertakings in the CPFM Credit Agreement so that it may only conduct the business of owning the Property and carry out related activities in a manner consistent with the CPFM Finance Documents. As such, the CPFM Borrower is a Special Purpose Entity.

The CPFM Borrower is wholly owned by AB CPFM Property Fund B.V. (the "**CPFM Parent**").

Subordination

The CPFM Borrower also entered into a loan agreement with an affiliate of the CPFM Parent pursuant to which it obtained additional debt finance in connection with the financing of the CPFM Property (the "**CPFM Subordinated Loan Agreement**"). Pursuant to a deed of subordination (the "**CPFM Deed of Subordination**" and together with the CPFM Security Agreements and the CPFM Credit Agreement, the "**CPFM Finance Documents**") between, among others, the CPFM Borrower, the CPFM Security Trustee and the lender under the CPFM Subordinated Loan Agreement, payments of amounts owing in respect of the

CPFM Subordinated Loan Agreement are expressly subordinated to payments of amounts owing in respect of the CPFM Finance Documents.

For further information about certain Netherlands legal considerations relating to the CPFM Deed of Subordination, see "Certain Matters of Netherlands Law" at page 186.

Principal Amount of the CPFM Loan

The CPFM Loan was drawn down on 30 January 2004. The principal amount drawn was €9,600,000.

Unlike the Alliance Loan, no amounts were held back, by way of a reserve, from the proceeds of the CPFM Loan.

Purpose of the CPFM Loan

The CPFM Borrower agreed to apply the CPFM Loan for the purpose of purchasing the CPFM Property.

Payment of Interest on the CPFM Loan

The CPFM Borrower is required to pay interest in respect of the CPFM Loan in arrear on the 15 February, 15 May, 15 August and 15 November in each year or if such date is not a business day on the business day immediately prior thereto (each such date, a "**CPFM Payment Date**").

The rate of interest applicable to the CPFM Loan is three month EURIBOR plus a margin plus mandatory costs.

In order to protect itself against an adverse change in the rate of EURIBOR above a certain rate, the CPFM Borrower entered into an interest rate swap transaction, the "**CPFM Hedging Arrangements**") which is due to terminate on the scheduled maturity date of the CPFM Loan. The notional amount of the CPFM Hedging Arrangements is equal to the initial principal amount outstanding of the CPFM Loan. Pursuant to the CPFM Hedging Arrangements, the CPFM Borrower receives a interest on the notional amount at a rate based on three month EURIBOR from the hedge counterparty and is obliged to pay the hedge counterparty interest on the notional amount calculated at a fixed rate.

Repayment of Principal in respect of the CPFM Loan

There is no requirement that the CPFM Borrower makes periodic repayment in respect of the CPFM Loan. The CPFM Borrower is required to repay the CPFM Loan in full on the fifth anniversary of its drawdown date.

In addition, the CPFM Borrower:

(a) may, under certain circumstances, make voluntary prepayments, in full or in part of the principal amount outstanding of the CPFM Loan; and

(b) must, under certain circumstances make mandatory prepayments, in full or in part of the principal amount outstanding of the CPFM Loan.

The CPFM Borrower may prepay the CPFM Loan in whole or in part provided that the minimum amount of any prepayment is €1,000,000. The CPFM Borrower may also make a voluntary prepayment of all of the principal amount outstanding of the CPFM Loan if it is required to gross-up any payment as a result of a tax deduction, to pay the Lender any additional costs incurred by the Lender and in the event that it becomes unlawful for the Lender to give effect to any of its rights under the CPFM Credit Agreement.

If any CPFM Borrower makes a voluntary prepayment or a mandatory prepayment of the principal amount outstanding of the CPFM Loan (including a prepayment followed by a redrawing by another CPFM Borrower) it may be required to pay certain prepayment fees and break costs to the Lender. No prepayment fees will need to be paid, however, in respect of prepayments occurring from 30 January 2008.

Tax Gross Up obligations under the CPFM Loan

The CPFM Borrower covenants, under the terms of the CPFM Credit Agreement, to make all payments due in respect of the CPFM Loan without deduction, for or on account of tax unless such deduction is required by law.

In the case of the deductions referred to above and any other deductions required by law, the CPFM Borrower is required to increase the payments due from them under the CPFM Credit Agreement by an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

Bank Accounts relating to the CPFM Loan

The CPFM Credit Agreement requires the CPFM Borrower to maintain:

(a) a rent account (the "**CPFM Rent Account**");

(b) a general account (the "**CPFM General Account**"), and

(c) an expenses account (the "**CPFM Expenses Account**").

The CPFM Rent Account, the CPFM General Account and the CPFM Expenses Account are each held with Fortis Bank (Netherland) N.V. at its branch at Varrolaan 51, 3584 BT, Utrecht.

Cash-flows into and from the CPFM Rent Account

All Rental Income and Disposal Proceeds relating to the CPFM Property is, under the terms of the CPFM Credit Agreement, to be collected into the CPFM Rent Account.

Prior to the occurrence of a CPFM Event of Default or a potential CPFM Event of Default (each a "**CPFM Default**"), on each CPFM Payment Date, the CPFM Borrower will apply the amounts then on deposit in the CPFM account in the following order of priority to pay:

(i) first, €140,000 to the CPFM Expenses Account;

(ii) second, fees costs expenses and default interest due to the Lender;

(iii) third, pari passu (A) any unpaid periodic costs and any break costs due to the counterparty under any hedging arrangement and approved by the Lender and (B) unpaid periodic costs and all accrued interest (other than default interest) to the Netherlands Finance Parties;

(iv) fourth, all amounts payable to the Lender in respect of break costs and indemnities;

(v) fifth, all other secured obligations then due and payable to the Lender;

(vii) sixth, the amount of any fees payable under the CPFM Management Agreement; and

(ix) seventh, the surplus to the CPFM General Account.

Control over the CPFM Rent Account

Prior to the occurrence of a CPFM Default, the CPFM Borrower and the CPFM Security Trustee each have signing rights in relation to the CPFM Rent Account. If a CPFM Default occurs and is not waived, the CPFM Security Trustee will have sole signing rights in respect of the CPFM Rent Account.

In addition no withdrawal may be made by a Borrower if any of the following (together, the "**CPFM Account Restrictions**") applies:

(a) such withdrawal will result in the relevant account becoming overdrawn;

(b) a CPFM Default is continuing or would occur as a result of the withdrawal, in which case a withdrawal can only be made if the Lender has consented;

(c) the tenant of the Property (i) defaults, (ii) gives 18 months' notice to discontinue its lease after five years, (iii) is in arrears for more than 30 days (iv) gives notice that it intends to leave the Property in which case withdrawals by the Borrower may only begin again when a new lease has been approved by the Lender and the tenant under that lease is paying full rent; or

(d) the pre-tax interest coverage ratio falls below 1.5 in which case withdrawals by the Borrower may only begin again when this interest cover ratio test has been met for four consecutive quarters.

Cash-flows into and from the CPFM Expenses Account

Prior to a CPFM Default, on each CPFM Payment Date on which sufficient funds are standing to the credit of the CPFM Rent Account, €140,000 will be transferred from the CPFM Rent Account to the CPFM Expenses Account. The amounts deposited in the CPFM Expenses Account may be applied by the CPFM Borrower to meet general operating expenses such as insurance premia, maintenance and repair costs, management fees and expenses and VAT on rental income (together the "**CPFM Expenses**").

Control over the CPFM Expenses Account

Prior to the occurrence of a CPFM Default, the CPFM Borrower has signing rights in relation to the CPFM Expenses Account. If a CPFM Default occurs and is not waived (a) the CPFM Security Trustee will have sole signing rights to the CPFM Expenses Account and (b) the Lender may give notice that no withdrawals may occur without the Lender's consent. In addition, at any time, the CPFM Security Trustee may withdraw sums from the CPFM Expenses Account to meet any of the CPFM Expenses. The CPFM Account Restrictions apply to the CPFM Expenses Account.

Cash-flows into and from the CPFM General Account

On each CPFM Payment Date, all surplus amounts remaining in the CPFM Rent Account after payment of the amounts required to be paid for debt service and transaction expenses, as indicated above, are transferred to the CPFM General Account. The CPFM Borrower can withdraw sums standing to the credit of the CPFM General Account for any purpose consistent with the CPFM Finance Documents. However if the operating expenses in any quarterly period exceed the amount available in the CPFM Expenses Account, the CPFM Borrower will use the funds in the CPFM General Account to cover the shortfall in the CPFM Expenses Account.

Controls over the CPFM General Account

Prior to the occurrence of a CPFM Default, the CPFM Borrower has signing rights in relation to the CPFM General Account. If a CPFM Event of Default has occurred and has not been waived the Lender may give notice that no withdrawals may occur without the consent of the CPFM Security Trustee. In addition the CPFM Account Restrictions apply to the CPFM General Account.

Representations and Warranties under the CPFM Credit Agreement

The CPFM Credit Agreement contains various representations and warranties made by the CPFM Borrower. These representations were given on the date of the CPFM Credit Agreement and certain of them are deemed to have been repeated on the date of each drawdown request and on each CPFM Payment Date by reference to the facts and circumstances then existing.

The representations and warranties contained in the CPFM Credit Agreement include the following:

(a) the CPFM Borrower is a private limited company (besloten vennootschap met beperkte aansprakelijkheidI) duly registered and validly existing under the laws of the Netherlands;

(b) the CPFM Borrower has the power to enter into, each of the CPFM Finance Documents to

which it is a party and perform its obligations thereunder;

(c) no CPFM Default is continuing or would occur as a result of making the CPFM Loan;

(d) all information supplied by or on behalf of the CPFM Borrower to the Lender in connection with the CPFM Finance Documents and the management agreement is complete (to the best of its knowledge) and accurate in all material respects;

(e) except as disclosed in the certificate of title relating to the CPFM Property, the CPFM Borrower is the legal and beneficial owner of, and has good and valid title to the CPFM Property;

(f) all of the buildings on the CPFM Property are in good and substantial repair;

(g) the CPFM Property is free from any security interest or any tenancies or licences except of the tenancy agreement between the CPFM Borrower and occupational tenants thereof and nothing has arisen or has been created or is subsisting which would be an overriding interest in the CPFM Property; and

(h) the CPFM Borrower has not traded or carried on any business since its incorporation or formation other than conducting the business of acquiring, managing and owning the CPFM Property and related activities consistent with the CPFM Finance Documents.

Undertakings under the CPFM Credit Agreement

The CPFM Borrower gives various undertakings in the CPFM Credit Agreement. The undertakings include the following:

(a) to provide in respect of each CPFM Borrower in each year, its audited financial statements, its annual budget and its unaudited quarterly management accounts;

(b) to notify the Lender of the occurrence of any CPFM Event of Default and any steps being taken to remedy the same;

(c) not to create any security over any part of its assets without the prior consent of the Lender;

(d) the CPFM Borrower shall only conduct the business of owning and managing the CPFM Property and related activities in a manner consistent with the CPFM Finance Documents;

(e) the CPFM Borrower shall not enter into any transaction with any person otherwise than on arm's length terms;

(f) the CPFM Borrower will not sell or transfer any of its assets except for the disposal of obsolete assets and expenditure in accordance with the CPFM Finance Documents;

(g) the CPFM Borrower will maintain a separate identity from its shareholder and keep separate books and bank accounts;

(h) the CPFM Borrower will not, subject to the terms of any existing occupational lease and any court order, without the consent of the CPFM Security Trustee, grant any new occupational lease or licence or waive, amend or assign any occupational lease or agree to any rent review other than a review upwards to market value save that a new occupational lease may be granted if it is on arm's length market standard ROZ commercial terms and has a rent and a term equal to or greater than the previous occupational lease of the same premises;

(i) the CPFM Borrower will provide in respect of each quarter (i) a schedule of the existing occupational tenants showing among other things rent and service charges, the date of termination and any special concession or provision, (ii) details of any arrears under any occupational lease and the steps being taken to collect them, (iii) details of rent reviews, of

any expired or surrendered occupational lease and of any proposed new lettings (iv) copies of all material correspondence with insurance brokers; (v) details of any proposed capital expenditure and any material repairs required and details of any tax liability in respect of the tax entity referred to in paragraph (k) below;

(j) the CPFM Borrower may not form or be a member of any tax entity for the Turnover Tax Act 1969 subject to limited permitted exceptions; and

(k) the CPFM Borrower will not allow any circumstances to arise which could lead to an environmental claim or the revocation, suspension, variation or non-renewal of any environmental licence and will promptly take all steps recommended to be implemented under any environmental report or valuation.

Insurance Undertakings under the CPFM Loan

The CPFM Borrower undertakes to maintain insurance in respect of the Property against loss or damage (from a number of specified causes), product risks, third party risks, public liability risks, two years' loss of rental income and such other risks and contingencies as are insured in accordance with sound commercial practice or which the Lender may direct from time to time, including two years' loss of rent.

The CPFM Borrower undertakes to procure that the CPFM Security Trustee is named as co-insured and loss payee under such policy or policies of insurance and that the policy or policies contains a provision under which the proceeds of insurance are payable directly to the CPFM Security Trustee. The CPFM Borrower also undertakes to have the name of the CPFM Security Trustee noted or endorsed on the policy in respect of any asset which is insured otherwise than in the name of the CPFM Security Trustee.

Each insurer must be approved by the Lender. The insurers in respect of the CPFM Loan are currently Bouma & Koopman / de Kock B.V.

Financial Undertakings under the CPFM Loan

The CPFM Borrower will ensure that the CPFM Loan shall at no time exceed 60 per cent. of the open market value of the relevant Property determined in accordance with the most recent valuation.

The CPFM Borrower will ensure that on each CPFM Payment Date the Net Actual Rental Income for the rental quarter ending immediately prior to that date is not less than 150 per cent. of the Actual Finance Costs for the interest accrual period ending on that date. In connection with this obligation:

(a) "**Actual Finance Costs**" means, in summary, the aggregate of all interest, commitment and other finance costs payable to the Lender in an interest accrual period.

(b) "**Net Actual Rental Income**" means, in summary, for any rental quarter the actual rental income received after deducting (a) all rental income payable by a tenant which is more than two months in arrears, (b) all expenses paid or payable from the Expenses Account for that period; and (c) any sums from the General Account used to pay expenses and any capital expenditure in respect of development of the CPFM Property.

Events of Default under the CPFM Loan

The CPFM Credit Agreement contains various events of default (each a "**CPFM Event of Default**") which (subject to applicable grace periods and materiality thresholds) include the following:

(a) the CPFM Borrower does not pay on the CPFM Payment Date any amount payable pursuant to a CPFM Finance Document;

(b) breach by the CPFM Borrower of other obligations under the CPFM Finance Documents;

(c) any representation, warranty or statement made or deemed to be made by the CPFM Borrower or the Managing Agent in the CPFM Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;

(d) the CPFM Property is destroyed or damaged in a manner that is not fully insured against;

(e) the CPFM Borrower, or any tenant under an occupational lease is insolvent or unable to pay its debts or subject to certain other insolvency related events, provided that in respect of a tenant no event of default shall occur so long as the Borrower procures that on each CPFM Payment Date sufficient amounts are standing to the credit of the CPFM Rent Account to pay all secured obligations then due;

(g) any financial indebtedness of the CPFM Borrower is not paid when due (or within any applicable grace period) or is eligible to be accelerated;

(h) the CPFM Borrower ceases to be wholly owned by AB CPFM Europroperty Fund B.V.;

(i) the CPFM Borrower ceases or threatens to cease to carry on a substantial part of its business; and

(j) it becomes unlawful for the CPFM Borrower to perform or pay the secured obligations or to perform any obligation under the CPFM Finance Documents.

At any time after a CPFM Event of Default has occurred, the Lender and/or the CPFM Security Trustee may do any of the following:

(a) declare that any part of the CPFM Borrower's obligations under the CPFM Finance Documents are either (i) immediately due and payable or (ii) due and payable on demand; or

(b) take any step to enforce any security granted by the CPFM Borrower or to exercise any rights of the Lender and/or the CPFM Security Trustee under the CPFM Finance Documents.

The CPFM Related Security

The CPFM Loan is secured by a number of security interests, together constituting the CPFM Related Security.

The CPFM Deed of Mortgage

On 28 January, 2004 the CPFM Borrower created a pledge and mortgage of the CPFM Property and certain other assets, pursuant to a deed of pledge and mortgage (the "**CPFM Deed of Mortgage**"). The amount secured by the CPFM Deed of Mortgage is €9,600,000 in respect of principal and 30 per cent. of €9,600,000 in respect of interest as security for (i) the Borrower's obligations to the Originator and the CPFM Security Trustee under the CPFM Finance Documents and (ii) the CPFM Borrower's obligations under the parallel debt. For information about the parallel debt arrangements entered into in respect of the CPFM Loan, see "Certain Matters of Netherlands Law - Parallel Debt Arrangements" at page 189. The Mortgage created by CPFM Deed of Mortgage is first ranking and has been registered at the relevant land registry.

The security granted under the CPFM Deed of Mortgage will become enforceable if the CPFM Borrower defaults in the payment of any sum due under the CPFM Finance Documents.

The CPFM Deed of Mortgage is governed by Netherlands law.

The CPFM Receivables Pledge

Pursuant to a deed of pledge dated 28 January 2004 (the "**CPFM Receivables Pledge**"), the CPFM Borrower created an undisclosed pledge in favour of the CPFM Security Trustee of its rights over all its present and future receivables arising from its then existing legal relationships including but not

limited to receivables arising under insurance policies, occupational leases relating to the CPFM Property and amounts standing to the credit of the CPFM Rent Account arising from an existing legal relationship. In addition, the CPFM Borrower undertakes, under the CPFM Receivables Pledge, to grant additional pledges over its future receivables (i) quarterly or (ii) at the request of the CPFM Security Trustee.

The CPFM Receivables Pledge secures:

(a) all the obligations of the CPFM Borrower for the payment of money due in connection with the CPFM Finance Documents to the Lender or the CPFM Security Trustee; and

(b) the parallel debt owed to the CPFM Security Trustee (the "**CPFM Secured Obligations**").

For further information about the parallel debt owed to the CPFM Security Trustee and its efficacy as a matter of Netherlands law, see "Certain Matters of Netherlands Law – The Parallel Debt" at page 189.

The CPFM Borrower undertakes in the CPFM Credit Agreement that all the security created by the CPFM Receivables Pledge will be first ranking and gives a similar representation in the CPFM Receivables Pledge.

The security granted under the CPFM Receivables Pledge will become enforceable upon occurrence of a CPFM Event of Default.

The CPFM Receivables Pledge is governed by Netherlands law.

The CPFM Share Pledge

On 2 February 2004, the CPFM Parent entered into a deed of pledge (the "**CPFM Share Pledge**") pursuant to which, it pledged to the CPFM Security Trustee as security, for payment of the CPFM Secured Obligation its present and future shares in the Borrower and the dividend and pre-emption rights pertaining to those present and future shares.

The CPFM Share Pledge becomes enforceable on the occurrence of a CPFM Event of Default relating to non-payment or illegality or which has occurred due to notification from the CPFM Borrower that default is likely or on the CPFM Final Maturity Date, or on occurrence of a CPFM Event of Default of which the CPFM Borrower has notice and which it has failed to remedy within a reasonable period.

The CPFM Share Pledges are governed by Netherlands law.

Security over the Movable Assets

Pursuant to a deed of pledge (the "**CPFM Moveable Assets Pledge**") dated 28 January 2004, the CPFM Borrower created a first ranking non possessory pledge over the movable assets of the Borrower in favour of the CPFM Security Trustee. The amount secured by the CPFM Moveable Assets Pledge is the CPFM Secured Obligations.

The CPFM Moveable Assets Pledge becomes enforceable on the occurrence of a CPFM Event of Default.

The CPFM Moveable Assets Pledge is governed by Netherlands law.

For further information about the CPFM Related Security and certain matters of Netherlands law, see "Certain matters of Netherlands Law" at page 186.

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Randstad Loan	Cut-Off Date Principal Balance:	€139,880,019
	% of Pool Balance:	34.4%

K8: office in Amersfoort

K10: office in Prins Alexanderplein, Rotterdam

K19: office in DenHaag

Randstad Loan	Cut-Off Date Principal Balance:	€139,880,019
	% of Pool Balance:	34.4%

The Randstad Loan and Property Summary

Randstad Loan Information	
Original Principal Balance:	€141,209,000
Cut Off Date Loan Principal Balance:	€139,880,019
Loan Purpose:	Acquisition
Loan Closing Date:	14 July 2005
Loan First Payment Date:	15 November 2005
Amortisation:[(1)]	Yes
Loan Maturity Date:	16 August 2010
Scheduled Maturity Balance:[(2)]	€116,705,122
Extension Options(s):	None
Loan Payment Dates:[(3)]	February 15, May 15, August 15, November 15
Fixed/Floating Rate:	Floating
Borrower Hedging:	Yes (Collar)
Swap Provider:	JPMorgan Chase Bank N.A.
Loan Reference Rate:	3 month EURIBOR
Loan Margin:[(4)]	0.842 per cent.
Loan Interest Calculation:	Actual/360
Call Protection: [(5)]	Yes
Up-Front Reserves: [(6)]	Yes (€1,570,536)
Ongoing Reserves: [(7)]	Yes

Randstad Property Information	
Single Asset/Portfolio:	Portfolio
Property Type:	Office and industrial
The Collateral:	20 properties located across The Netherlands
Number of Properties:	20
Location:	15 Dutch cities
Year Built/Renovated:	Between 1982 and 2003
Date and term of lease(s): [(8)]	Various
Net Lettable Area:	135,025 sqm
Per cent. Leased:	95.3 per cent.
Freehold or Leasehold:	Freehold/Leasehold
Origination Valuation:	€188,838,648
Date of Valuation:	01 May 2005
Valuer:	Boer Hartog Hooft Consultancy
Property Manager:	Nemerlaer Holding B.V.
Cut-Off Date Loan PSM:	€1,036.0
Cut-Off Date LTV:	74.1 per cent.
Maturity Date LTV: [(2)]	61.8 per cent.
Underwritten Net Cashflow:	€14,396,951
Underwritten DSCR:[(9)]	1.38x
Underwritten ICR:[(9)]	2.80x

(1) Through release price, fixed amortisation and Loan-to-Purchase Price targets.
(2) According to Loan-to-Purchase Price targets and assuming no asset sales.
(3) Or next Business Day.
(4) Margin as of Cut-Off Date. Margin adjusts over time according to the Loan LTV. Minimum margin is 0.767 per cent.
(5) The first Randstad Payment Date on which prepayments can be made without incurring prepayment fees is 15 August 2008.
(6) €375,000 (deposited on day-1 in the Initial Backlog Maintenance Account); €1,195,536 (deposited on day-1 in the Financed Leasehold Reserve Account).
(7) An extraordinary maintenance reserve builds up for an amount equal to €0.75 per quarter multiplied by the total lettable sqm in the portfolio for the first 2 years and equal to €2 per quarter multiplied by the total lettable sqm thereafter.
(8) Weighted Average Life to first break option is 3.0 years as of 16 November 2005.
(9) Each underwritten ratio is calculated including payments due under the hedging agreement.

The Randstad Loan was made by the Originator to D/L Real Estate K01 Rotterdam B.V., D/L Real Estate K02 Nieuwegein B.V., D/L Real Estate K03 Utrecht B.V., D/L Real Estate K04 Beek B.V., D/L Real Estate K05 Zeist B.V., D/L Real Estate K06 Ridderkerk B.V., D/L Real Estate K07 Zoetermeer B.V., D/L Real Estate K08 Amersfoort B.V., D/L Real Estate K09 Groningen B.V., D/L Real Estate K10 Rotterdam B.V., D/L Real Estate K11 Rotterdam B.V., D/L Real Estate K12 Arnhem B.V., D/L Real Estate K13 Rotterdam B.V., D/L Real Estate K14 Leidschendam B.V., D/L Real Estate K15 Zaandam B.V., D/L Real Estate K16 Rotterdam B.V., D/L Real Estate K17 Amersfoort B.V., D/L Real Estate K18 Hoofddorp B.V., D/L Real Estate K19 Den Haag B.V., D/L Real Estate K20 Amsterdam B.V. (each a "**Randstad Borrower**" and together the "**Randstad Borrowers**") pursuant to a credit agreement (the "**Randstad Credit Agreement**") dated 14 July 2004 (the "**Randstad Signing Date**") (as amended from time to time thereafter). As at the Cut-Off Date, the Randstad Loan had a principal amount outstanding of €139,880,019. The scheduled maturity date of the Randstad Loan is 16 August 2010 (the "**Randstad Maturity Date**"). The Randstad Credit Agreement is governed by the laws of the Netherlands.

The Randstad Loan is secured by, among other things, first ranking mortgages, created and perfected under Netherlands law, over 20 Properties located in various towns in the Netherlands (the "**Randstad Properties**"). Each of the Randstad Borrowers owns an interest in one of the Randstad Properties. At the time the Originator obtained the Randstad Valuation Reports the market value of the Randstad Properties was €188,838,648 in aggregate as at 1 May 2005.

In addition to the first ranking mortgages over the Randstad Properties, on or about the date of the Randstad Credit Agreement, the Randstad Borrowers, certain affiliates of the Randstad Borrowers and the Originator, among others, entered into certain other security agreements (together with the mortgages over the Randstad Properties, the "**Randstad Senior Security Agreements**" and together with the Alliance Security Agreements and the CPFM Security Agreements, the "**Netherlands Security Agreements**) creating the Randstad Related Security.

Randstad Properties

Information regarding certain of the tenants of the Randstad Properties and a lease rollover schedule are provided in the tables below.

Randstad Loan Tenants

The tenants occupying the Randstad Properties as at the Cut-Off Date are as follows:

Tenant	S&P's credit rating	Moody's credit rating	Fitch credit rating	Net Lettable Area (SqM)	Passing rent	% of total passing rent	Passing rent per SqM	Time to First Break (years)	Time to Expiration (years)
Agip Kazakhstan North Caspian[(1)]	AA	Aa2	AA-	5,935	1,468,194	9.0%	247.4	1.3	2.3
Stichting CEC Ganzenhoef	NR	NR	NR	9,425	955,173	5.9%	101.3	2.1	7.1
Rijksgebouwendienst Dir. Noordwest	NR	NR	NR	5,984	871,287	5.4%	145.6	3.2	4.2
OBR Rotterdam	NR	NR	NR	4,844	800,826	4.9%	165.3	2.1	3.1
Wilson Logistics[(2)]	A	A1	NR	13,636	770,383	4.7%	56.5	7.1	12.1
Stichting Dienstverlening NVA	NR	NR	NR	4,669	741,290	4.6%	158.8	5.9	10.9
Stater B.V.	NR	NR	NR	4,144	621,485	3.8%	150.0	3.2	8.2
Stichting Altrecht	NR	NR	NR	4,074	575,411	3.5%	141.2	1.6	6.6
Regus Amsterdam	NR	NR	NR	2,138	502,756	3.1%	235.2	1.5	6.5
Ernst & Young	NR	NR	NR	4,322	492,654	3.0%	114.0	2.2	2.4
Top 10				59,171	7,799,459	48.0%	131.8	2.9	6.0
Remaining Tenants				75,854	8,443,715	52.0%	111.3	3.1	5.7
Total				135,025	16,243,174	100.0%	120.3	3.0	5.9

(1) Rating of the parent company.
(2) Rating of the parent company that guarantees the rental payments.
The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.

Lease Rollover Schedule (Tenants' first break option)

The following table sets forth the lease rollover schedule as at the Cut-Off Date:

Year Ending 31 December	Number of leases rolling	Passing rent rolling	% of total passing rent rolling	Cumulative % of total passing rent rolling	Net Lettable Area (SqM)	% of total Net Lettable Area rolling	Cumulative % of total Net Lettable Area rolling
Vacant	n/a	0	0.0%	0.0%	6,380	4.7%	4.7%
2005	13	398,352	2.5%	2.5%	3,485	2.6%	7.3%
2006	29	1,986,067	12.2%	14.7%	18,531	13.7%	21.0%
2007	20	5,080,561	31.3%	46.0%	32,604	24.1%	45.2%
2008	17	2,296,962	14.1%	60.1%	14,915	11.1%	56.2%
2009	18	2,999,171	18.5%	78.6%	20,126	14.9%	71.1%
2010	10	480,645	3.0%	81.5%	3,366	2.5%	73.6%
2011	2	741,290	4.6%	86.1%	4,669	3.5%	77.1%
2012 and beyond	9	2,260,126	13.9%	100.0%	30,949	23.0%	100.0%
Total	118	16,243,174	100.0%	100.0%	135,025	100.0%	100.0%

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.

The Randstad Borrowers

The Randstad Borrowers are private limited liability companies each incorporated in the Netherlands on 11 July 2005 and each with its registered office at 's-Hertogenbosch, the Netherlands. The activities of the Randstad Borrowers are limited by the undertakings in the Randstad Credit Agreement so that they may only conduct the business of owning the Randstad Properties and carry out related activities in a manner consistent with the Randstad Finance Documents. As such, the Randstad Borrowers are Special Purpose Entities.

Each of the Randstad Borrowers is wholly owned by D/L Real Estate Holdings 2 B.V. (the "**Randstad Parent**" and together with the Randstad Borrowers, the "**Randstad Obligors**") which is in turn wholly owned by D/L Real Estate Holdings B.V. (the "**Randstad Shareholder**" and together with the Randstad Borrowers and the Randstad Parent, the "**Randstad Group**"). The ultimate sponsor of The Randstad Group is DB Real Estate Global Opportunities, L.P., which is, in turn, managed by DB Real Estate Global Opportunities Management IB Ltd.

The Randstad Obligors are jointly and severally liable for all amounts owing under the Randstad Loan.

Subordination

The Randstad Group has the following outstanding borrowings in addition to the Randstad Loan:

(a) pursuant to the Randstad Credit Agreement, the Randstad Borrowers have also borrowed €18,827,800 (the "**Randstad B Loan**" and together with the Randstad Loan, the "**Randstad Senior Loans**") from a financial institution which is not connected with JPMCB (in this capacity together with any other person which, from time to time, is a lender under the Randstad Credit Agreement in respect of the Randstad B Loan, the "**Randstad B Lenders**" and together with the lender of the Randstad Loan, the "**Randstad Senior Lenders**"). For the avoidance of doubt, the Randstad B Lender acquired the Randstad B Loan from the Originator subsequent to its origination;

(b) pursuant to a mezzanine credit agreement (the "**Randstad Mezzanine Credit Agreement**") dated 14 July 2005, as amended from time to time, between the Randstad Parent and a financial institution which is not connected with JPMCB (the "**Original Randstad Mezzanine Lender**") (in this capacity together with any other person which, from time to time, is a lender under the Randstad Mezzanine Credit Agreement, the "**Randstad Mezzanine Lenders**"), the Randstad Parent borrowed €16,003,600 (the "**Randstad Mezzanine Loan**"). For the

avoidance of doubt, the Original Randstad Mezzanine Lender acquired the Randstad Mezzanine Loan from the Originator subsequent to its origination;

(c) pursuant to a loan agreement dated 14 July 2005 between the Randstad Shareholder and the Randstad Parent, the Randstad Parent borrowed €23,350,000 from the Randstad Shareholder; and

(d) pursuant to a loan agreement dated 14 July 2005 between Oudehuys Holding B.V. (the "**Randstad Bond Lender**") and the Randstad Parent, the Randstad Parent borrowed €2,591,207 (together with the loan described in paragraph (c) above and any other debt extended by an affiliate or Sponsor or any other person to the Randstad Borrowers, the "**Randstad Subordinated Debt**" and together with the Randstad Senior Loans and the Randstad Mezzanine Loans, the "**Randstad Debt**") from the Randstad Bond Lender.

In addition to the Randstad Debt, the Randstad Borrowers also entered into a loan arrangement with the Randstad Parent, pursuant to which the Randstad Parent lent to the Randstad Borrowers the proceeds of the Randstad Mezzanine Loan.

The Randstad Group, the Randstad Security Trustee, the Randstad Facility Agent, the Originator and, among others, the Randstad Bond Lender have entered into an intercreditor agreement (the "**Randstad Intercreditor Agreement**") dated 14 July 2005 as amended and restated on 14 September 2005.

The Randstad Intercreditor Agreement sets the order of priority of payment of the various element of the Randstad Debt and the rights of the lenders of that debt.

In particular, the Randstad Intercreditor Agreement provides that in general:

(a) payments in respect of the Randstad Loan rank in priority to payments in respect of the Randstad B Loan;

(b) payments in respect of the Randstad Senior Loans rank in priority to payments in respect of the Randstad Mezzanine Loan and the Randstad Subordinated Debt; and

(c) payments in respect of the Randstad Subordinated Debt rank after payments in respect of both the Randstad Mezzanine Loan and the Randstad Senior Loans.

The Randstad Senior Loans are secured by the Randstad Related Security. The Randstad Mezzanine Loan is secured by the Randstad Mezzanine Security only.

However notwithstanding the priorities described above, in certain specific circumstances, payments in respect of the Randstad Loan will not rank in priority to payments in respect of other elements of the Randstad Debt. In particular if, for any reason, the principal amount of the Randstad Loan exceeds the amount capable of being advanced by the Originator under the original terms of the Randstad Credit Agreement less any prepayment or repayment (such excess, the "**Excess A Debt**") then the Excess A Debt will rank behind the Randstad B Loan and the Randstad Mezzanine Loan.

In addition, the Randstad Intercreditor Agreement also gives the Randstad Mezzanine Lender and the Randstad B Lenders certain other specific rights which may have an impact on the sums received by and the decision taking rights of the Lender in certain circumstances. These are summarised below.

Lender Rights

Under the terms of the Randstad Intercreditor Agreement, the various lenders of the Randstad Debt are treated as part of a lending syndicate, with each having a combination of rights which are designed to reflect the different risks which they are taking within the debt structure of the Randstad Group, as well as each being subject to different limitations. Each lender is entitled to protect its position by exercising, of its own motion, the rights which are provided to it (the "**Randstad Lender Rights**").

The Randstad Lender Rights may, for ease of reference, be divided into three categories:

(a) Randstad Lender Rights relating to the commencement of enforcement of the security granted in respect of each element of the Randstad Debt ("**Enforcement Rights**");

(b) Randstad Lender Rights relating to intervening in the enforcement of the security granted in respect of each element of the Randstad Debt ("**Intervention Rights**"); and

(c) Randstad Lender Rights relating to the amendment of the terms on which each element of the Randstad Debt has been made available ("**Amendment Rights**").

Each of the Enforcement Rights, Intervention Rights and Amendment Rights will be considered in turn.

Enforcement Rights

With respect to Enforcement Rights, as described above, each of the Randstad Senior Loans and the Randstad Mezzanine Loan are secured by different assets, the Randstad Senior Loans being secured on the assets of the Randstad Borrowers, being primarily the Randstad Properties and the cash-flow generated therefrom and the Randstad Mezzanine Loan being secured on, among other things, the shares of the Randstad Parent. This distinction is significant in relation to the Enforcement Rights.

Under the Randstad Intercreditor Agreement, the Randstad Mezzanine Lender may take or may require the security agent acting in relation to the security granted in respect of the Randstad Mezzanine Loan to take "Enforcement Action" following the occurrence of an event of default in respect of the Randstad Mezzanine Loan. "**Enforcement Action**" for these purposes is widely defined in the Randstad Intercreditor Agreement as any action to enforce the relevant security interests. In practical terms, enforcement of the security granted in respect of the Randstad Mezzanine Loan would most obviously involve a transfer of the shares of the Randstad Parent to a third party. However, given that the Randstad Borrowers are all wholly owned subsidiaries of the Randstad Parent, the transfer of the shares of the Randstad Parent would have the affect of changing the overall ownership structure of the Randstad Borrowers, albeit indirectly. In order to ensure that such a transfer of ownership does not prejudice the rights of other lenders of the Randstad Debt, and in particular, the lenders of the Randstad Senior Loans, the Randstad Intercreditor Agreement requires that any realisation upon the relevant security (including, without limitation, obtaining title to the Randstad Parent shares or selling or otherwise transferring such shares to a third party) cannot be undertaken without first obtaining a Rating Confirmation and the consent of the Randstad B Lender unless:

(a) the relevant transferee is a "**Qualified Entity**". For the purpose of the Randstad Intercreditor Agreement, a Qualified Entity is the Randstad Mezzanine Lender itself, certain of its affiliates or certain other types of entity which must satisfy certain activity requirements and certain financial requirements (designed to ensure that it is an entity of substance); and

(b) the real estate assets constituting security for the Randstad Senior Loans will be managed by a "**Qualified Manager**". For the purposes of the Randstad Intercreditor Agreement, a Qualified Manager is an entity which is experienced in the management of property portfolios similar to the Randstad Properties.

Further, under the Randstad Intercreditor Agreement, the Randstad Mezzanine Lender is prohibited, in taking Enforcement Action, from taking action which would either frustrate or undermine in any way the ability of the Lender of the Randstad Loan or Randstad B Lender to take any Enforcement Action with respect to the security granted in respect of the Randstad Senior Loan or cause there to be a material diminution to the value, use or operation of the Randstad Properties.

Thus, while of the Randstad Intercreditor Agreement permits the Randstad Mezzanine Lender freedom of action in relation to the security for the Randstad Mezzanine Loan, it also imposes parameters on such actions which prevents actions being taken which would compromise the rights of the Randstad Senior Lenders.

The rules contained in the Randstad Intercreditor Agreement relating to Enforcement Rights in respect of the Randstad Senior Loans and its related security are more complex. The relevant rules are formulated to conform, on the one hand, to the principles which govern the ranking of the elements of the Randstad Debt and to recognise, on the other hand, that the creditors whose economic interests are adversely affected by a default, or who have incremental credit exposure as a result of a default, should have a determinative voice in relation to the exercise of Enforcement Rights.

In keeping with the principles which govern the ranking of the Randstad Debt under the Randstad Intercreditor Agreement, no Randstad B Lender may take or require the relevant security agent to take any Enforcement Action in relation to the Randstad B Loan, save insofar as expressly allowed pursuant to the Randstad Intercreditor Agreement.

Under the Randstad Intercreditor Agreement, the Randstad B Lender may require the Randstad Lender to take Enforcement Action in accordance with the directions of the Randstad B Lender if:

(a) (i) the event of default which occurred is still outstanding at the end of a "**Standstill Period**". The Standstill Period, for these purposes, is a period of time which starts upon the occurrence of an event of default and continues for a specified maximum number of days, the number of varying in accordance with the nature of the event of default, but ranging from 90 days to 150 days; and

(ii) the market value of the Randstad Properties are determined to be greater than 120 per cent of the Randstad Loan,

(b) action to enforce security (*innen en verhalten*) is to be taken against an insolvent obligor; or

(c) payment of the Randstad Senior Loans has, in fact, been accelerated.

In essence, this provision of the Randstad Intercreditor Agreement allows the Randstad B Lender to initiate the taking of Enforcement Action, to the preclusion of the Randstad Lender, if, in broad terms, the Randstad Lender has failed to take such action during the Standstill Period (provided that there is enough value in the Properties to provide comfort that the Randstad Lender will achieve full recovery of amounts owed to it) or if the event of default is of the most serious nature (i.e. insolvency) or has already caused the Randstad Senior Loans to be accelerated.

In relation to the actions specified under paragraph (b) above, prior to discharge of all amounts owing under the Randstad Loan, the facility agents of the Randstad Mezzanine Lender and the Randstad B Lender can take enforcement action in respect of amounts owed by an insolvent obligor under the Randstad Mezzanine Loan or, as the case may be, the Randstad B Loan. If the facility agents of Randstad Mezzanine Lender or the Randstad B Lender take any such enforcement action they must hold amounts recovered for the lender of the Randstad Loan until the amounts owing under the Randstad Loan are repaid in full.

Against the backdrop of the provisions described above, the Randstad Intercreditor Agreement also provides a series of rules relating to the provision of instructions to commence Enforcement Action and which lender, within the Randstad Debt structure, may provide such instructions to the relevant security agent. These rules are based on the principles described above.

The entity that can instruct the taking of Enforcement Action varies, depending on the circumstances then prevailing. Thus:

(a) prior to the occurrence of a "**Facility A Material Default**", Enforcement Action may be commenced on the instructions of the "**Majority Lender**". A Facility A Material Default is, in summary, an event of default that has a material adverse effect on the position of the Randstad Loan. These are restricted to a payment default in respect of the Randstad Loan, an insolvency event or the breach of certain financial covenants. The identity of the Majority Lender also varies according to the circumstances. Prior to the occurrence of a "**Senior Material Default**" (being a payment default in respect of the Randstad Senior Loans as a whole, an insolvency default or the breach of certain financial covenants) the Majority Lender

will be the Randstad Lender and the Randstad B Lender acting unanimously, though if there is a disagreement between the two, the Majority Lender will be the Randstad Lender only. Following the occurrence of a Senior Material Default, the Majority Lender will be the Randstad Lender only;

(b) following the occurrence of a Facility A Material Default and/or a "**Facility B Material Default**" (being a payment default in respect of Randstad B Loan or the breach of certain financial covenants, being, in summary, matters which have a material adverse effect on the position of the Randstad B Loan) and/or any other event of default that has been cured by the Randstad Mezzanine Lender by way of a "**Cure Loan**" or a "**Cure Payment**", which are considered further below in the context of Intervention Rights, Enforcement Action may be commenced on the instructions of the Majority Lender in respect of the Randstad Senior Loan, with the prior consent of the Randstad Mezzanine Lender. This rule recognises that where the Randstad Mezzanine Lender has cured an event of default, and has thus undertaken further credit exposure, Enforcement Action should not be taken without the consent of the Randstad Mezzanine Lender;

(c) following the occurrence of a Facility A Material Default that has been cured by the Randstad B Lender by way of a Cure Loan or a Cure Payment, Enforcement Action may be commenced on the instructions of the Majority Lender in respect of the Randstad Senior Loans, with the prior consent of the Randstad B Lender. This rule recognises that where the Randstad B Lender has cured an event of default, and has hence undertaken further credit exposure, Enforcement Action should not be taken without the consent of the Randstad B Lender; and

(d) following the occurrence of a Facility B Material Default that has not been cured by the Randstad Mezzanine Lender by way of a Cure Loan or a Cure Payment, Enforcement Action may be commenced on the instructions of the Majority Lender in respect of the Randstad Loans, with the prior consent of the Randstad B Lender. This rule recognises that where an event of default affects the Randstad Lender only, Enforcement Action should not be taken without the consent of the Randstad B Lender in circumstances where the Randstad Mezzanine Lender has not brought about a cure.

The rules described above in relation to the taking of Enforcement Action are subject to two additional rules, both contained in the Randstad Intercreditor Agreement, which are designed to protect the primacy of the position of the Randstad Lender. These rules provide that:

(a) irrespective and to the exclusion of the other rules described above, following the occurrence of a Facility A Material Default that has not been cured by way of a Cure Loan or Cure Payment, Enforcement Action may only be taken on the instructions of the Randstad Lender. Thus, if no other lender is taking curing action, the ranking principles provide that the instructions of the Randstad Lender shall prevail; and

(b) the Randstad Mezzanine Lender and the Randstad B Lender should have no consent rights, as described above, if either they have not cured any event of default that may have occurred or they have not cured the immediately preceding event of default (being the event of default in respect of which Enforcement Action is contemplated).

Intervention Rights

The Randstad Intercreditor Agreement allows the Randstad B Lender and the Randstad Mezzanine Lender to intervene in the process of the Randstad Lender initiating Enforcement Action solely in its own discretion and under all circumstances by providing the Randstad B Lender and the Randstad Mezzanine Lender with:

(a) the right to cure events of default which may have occurred and which might otherwise result in the taking of Enforcement Action ("**Cure Rights**"); and

(b) the right to purchase the debts ranking senior in the debt structure (the "**Purchase Rights**"),

these being the primary Intervention Rights.

With respect to Cure Rights, the position of the Randstad B Lender and the Randstad Mezzanine Lender are different, reflecting their positions in the debt structure and the assets over which they have security. The Randstad B Lender is, as described above, an asset-based lender, whose primary recourse is to the Randstad Properties and the cash-flow generated therefrom. The Randstad Mezzanine Lender is, as described above, a share or corporate control-based lender. In the event that the security granted in respect of the Randstad Mezzanine Loan is enforced, the shares of the Randstad Parent could be transferred to an entity controlled by the Randstad Mezzanine Lender, thus giving the Randstad Mezzanine Lender effective, albeit indirect, corporate level control over the Randstad Borrowers. The Randstad B Lender would not have the same level of corporate control.

Under the terms of the Randstad Intercreditor Agreement, after the occurrence of a "**Mezzanine Lender Remediable Default**" the Randstad Mezzanine Lender shall have the right, but not the obligation, to cure that event of default. A Mezzanine Lender Remediable Default, for these purposes, is any event of default occurring under the Randstad Credit Agreement other than an insolvency related default in respect of any obligor of the Randstad Senior Loans. This is reflective of the theory described above, that through exercising corporate control the Randstad Mezzanine Lender should be able to cure any default (both of payment variety as well as of a performance variety). It recognises, however, that an insolvency related default is not curable, even with the Randstad Mezzanine Lender's corporate control.

Under the Randstad Intercreditor Agreement after the occurrence of a "**Randstad B Lender Remediable Default**" the Randstad B Lender shall have the right, but not the obligation, to cure that event of default. A Randstad B Lender Remediable Default is an event of default under the Randstad Credit Agreement which has not been cured by the Randstad Mezzanine Lender pursuant to the Cure Right granted to it and which can be cured within a fifteen business day period. In practical terms, it is contemplated that the Randstad B Lender will, because it does not have the ability to take corporate control, only be able to cure payment defaults or financial covenant related defaults, particularly within the contemplated time horizon.

Payment defaults or defaults in respect of breaches of financial covenants may be cured by the Randstad Mezzanine Lender or the Randstad B Lender, as the case may be, making a "**Cure Payment**" or a "**Cure Loan**". A Cure Payment, in summary terms, is a payment made by the Randstad Mezzanine Lender or the Randstad B Lender, as the case may be, to discharge the obligations of the relevant borrower. A Cure Loan, in summary terms, represents a deposit made by the Randstad Mezzanine Lender or the Randstad B Lender, as the case may be, to discharge the obligation of the relevant borrower.

As described above in the context of Enforcement Rights, the exercise by the Randstad Mezzanine Lender or the Randstad B Lender has the effect of giving the relevant lender a voice in the commencement of Enforcement Action.

It should be noted that under the Randstad Intercreditor Agreement the number of times the Randstad Mezzanine Lender or the Randstad B Lender may exercise Cure Rights by making a Cure Loan is restricted to:

(a) two consecutive occasions in any twelve month period; and

(b) four occasions during the term of the Randstad Credit Agreement.

A cure which is brought about by a Cure Loan is treated, for the purposes of the Intercreditor Agreement, as being temporary in nature (on the theory that the curing lender has made a loan which it is entitled to have repaid) and so the number of times such a cure can be effected is limited. On the other hand, a cure which is brought about by the making of a Cure Payment is treated, for the purposes of the Randstad Intercreditor Agreement, as being a permanent cure, and is not therefore subject to any limitation as to the number of times it may be deployed.

In addition to the Cure Rights, as described above, both the Randstad Mezzanine Lender and the Randstad B Lender have the right to purchase the debt ranking senior to them in the debt structure pursuant to the Purchase Rights.

The Randstad Mezzanine Lender may purchase the Randstad Senior Loans if:

(a) an event of default has occurred under the Randstad Credit Agreement which has resulted in acceleration of the Randstad Senior Loans; or

(b) (i) a Facility A Material Default or Facility B Material Default has occurred and has not been cured pursuant to the various Cure Rights, and

(ii) a special servicer has been appointed in respect of the Randstad Senior Loan (each a "**Purchase Event**").

The purchase price payable by the Randstad Mezzanine Lender under these circumstances will be all amounts owing to the Randstad Lender and the Randstad B Lender in respect of the Randstad Senior Loans plus any amount which either of the Senior Lenders certify is necessary to compensate them for breakage or funding costs incurred as a result of the purchase minus any cure amounts paid by the Randstad Mezzanine Lender to either of them pursuant to the exercise of Cure Rights.

The Randstad B Lender may purchase the Randstad Loan if a Purchase Event has occurred but the Randstad Mezzanine Lender has not elected to purchase the Randstad Senior Loans within 30 days of the occurrence of such Purchase Event, in accordance with their rights described above. The purchase price payable by the Randstad B Lender will be all amounts owing to the Randstad Lender in respect of the Randstad Loan plus any amount which the Randstad Lender certifies is necessary to compensate it for breakage or funding costs incurred as a result of the purchase minus any cure amounts paid by the Randstad B Lender to the Randstad Lender.

Through exercising the Purchase Rights, the Randstad B Lender or the Randstad Mezzanine Lender, as the case may be, may take over, in commercial terms, the position of the lenders which are senior in the debt structure, thus entitling them to exercise their rights to take Enforcement Action.

Amendment Rights

In order to ensure that the terms of the Randstad Senior Loan and the Randstad Mezzanine Loan are not amended in a potentially prejudicial manner, each lender is given a voice in relation to certain amendments, even in relation to debt that it is not providing.

Thus, no amendment may be made to the Randstad Credit Agreement or the Randstad Mezzanine Credit Agreement, under the Randstad Intercreditor Agreement which would result in among other things:

(a) a change to the date, amount or basis of calculation of any payment due;

(b) any additional obligations being undertaken by a member of the borrower group or a release of any member of the borrower group from its existing obligations in connection with the relevant agreements other than as prescribed therein;

(c) a release of any security interest granted in connection with the credit agreements other than as prescribed therein;

(d) any change to the provisions of the credit agreements which relate to cash management, insurance, negative covenants, financial covenants or events of default;

(e) the incurrence of additional debt by the borrower group other than as envisaged by the credit agreements; or

(f) any change to the prepayment fees or prepayment allowances,

unless the amendment (i) is agreed by all lenders, (ii) occurs after a material default has occurred and does not affect the maturity date or increase any monetary obligation of the borrower or have an adverse effect on the rights of the lenders or (iii) is an administrative change which is not material.

The restrictions on amendment recognise that the Randstad Loan, the Randstad B Loan and the Randstad Mezzanine Loan are part of a single financing package and that certain amendments should be made only if supported by all lenders.

Principal Amount of the Randstad Senior Loans

The Randstad Senior Loan was drawn down on 14 July 2005. The Randstad Loan principal amount drawn was €141,209,000.

Two reserves were established from the proceeds of the Randstad Senior Loans. One reserve (the "**Initial Backlog Maintenance Reserve**") was established in an amount of €375,000 to be applied to pay for backlog maintenance identified in the due diligence report relating to the Randstad Properties or towards amortisation of the Randstad Senior Loans. If requested by the Randstad Borrowers, and with the consent of the Netherlands Facility Agent, the level of the Initial Backlog Maintenance Reserve may be revised by an independent appraiser.

The other reserve is an amount of €1,195,536 (the "**Financed Leasehold Amount**") which may be drawn at any time during the first six months after the date of the Randstad Credit Agreement for the purpose of financing the acquisition by three of the Randstad Borrowers of freehold title to their respective Randstad Properties (the relevant Randstad Borrowers currently having leasehold title only to the relevant Randstad Properties). Any part of Financed Lease Amount which, six months after the date of the Randstad Credit Agreement, has not been used for this purpose will be applied to prepay the Randstad Senior Loans as further described below.

Purpose of the Randstad Senior Loans

The Randstad Borrowers were required to apply all amounts borrowed by them under the Randstad Credit Agreement to (indirectly) finance: (a) the establishment of the Initial Backlog Maintenance Reserve (b) to reserve the Financed Leasehold Amount (c) to pay part of the purchase price for the Randstad Properties and (d) to pay certain fees, costs and expenses in connection with entering into the Randstad Credit Agreement and acquiring the Randstad Properties.

Hedging and Payment of Interest on the Randstad Loan

The Randstad Borrowers are required to pay interest in respect of the Randstad Loan in arrear on the 15 February, 15 May, 15 August and 15 November in each year subject to adjustment as provided below (each such date, a "**Randstad Payment Date**") and with a CPFM Payment Date and an Alliance Payment Date, a "**Netherlands Payment Date**". Each interest period in respect of the Randstad Loan (each a "**Randstad Interest Period**") commences on (and includes) a Randstad Payment Date (or in the case of the first such period, the drawdown date) and ends on (but excludes) the next Randstad Payment Date. If a Randstad Interest Period would otherwise end on a day which is not a business day, that Randstad Interest Period will instead end on the next business day in that calendar month (if there is one) or the preceding business day (if there is not).

The rate of interest applicable to the Randstad Loan is EURIBOR for a period comparable to the relevant Randstad Interest Period plus a margin plus mandatory costs. The margin on the Randstad Loan will vary by reference to (a) the Randstad LTV and (b) period that the Randstad Loan has been outstanding, such that the margin will decrease the longer the Randstad Loan remains outstanding and the lower the Randstad LTV becomes.

In order to protect themselves against the risk of changes in the floating rate of interest payable in respect of the Randstad Senior Loans, the Randstad Borrowers are required, under the terms of the Randstad Credit Agreement, to enter into hedging arrangements (the "**Randstad Hedging Arrangements**") and together with the Alliance Hedging Arrangements and the CPFM Hedging Arrangements, the "**Netherlands Hedging Arrangements**" with a Randstad Hedge Provider. If the rating of a Randstad Hedge Provider's short-term unsecured, unsubordinated and unguaranteed debt

obligations falls below A-1 by S&P, P-1 by Moody's and F-1 by Fitch or the long term unsecured, unsubordinated and unguaranteed ratings of that Randstad Hedge Provider fall below Aa3 by Moody's (such short and long term ratings, the "**Randstad Requisite Ratings**") then the Randstad Borrowers must use their best efforts to find an alternative hedge provider with the Randstad Requisite Ratings or take such other action as is acceptable to the Netherlands Facility Agent. All Randstad Hedging Arrangements must be on terms satisfactory to the Netherlands Facility Agent. If the notional amount of a Randstad Hedging Arrangement exceeds the principal amount of the Loans at the relevant time by more than EUR1,000,000, the Randstad Borrowers shall reduce the notional amount of the relevant Randstad Hedging Arrangement until it is no less than the amount outstanding under the Randstad Senior Loans.

The "**Randstad LTV**" is aggregate principal amount outstanding of the Randstad Senior Loans expressed as a percentage of the value of the Randstad Properties. When determining the amount of an Amortisation Instalment the value of the Randstad Properties will be calculated by reference to the purchase price of the Randstad Properties. When testing the financial covenants under the Randstad Loan the value of the Randstad Properties will be based on the most recent valuations.

Repayment of Principal in respect of the Randstad Senior Loans

The Randstad Credit Agreement provides that the Randstad Borrowers shall repay the Randstad Senior Loans in instalments (each an "**Amortisation Instalment**") on each Randstad Payment Date. The amount of each Amortisation Instalment is the higher of (a) 0.5% of the aggregate principal amount outstanding of the Randstad Senior Loans (calculated net of any prepayments made from the Randstad Sales Account in the relevant period) and (b) the amount required to ensure that the Randstad LTV is equal to the target Randstad LTV for the applicable Randstad Payment Date. The target Randstad LTV decreases on each Randstad Payment Date from 84.2 per cent. in November 2005 to 70.25 per cent. in August 2010. Failure to pay an Amortisation Instalment is not, however, a Randstad Event of Default.

To the extent not repaid, the Randstad Borrowers will be required to repay the Randstad Senior Loans in full on the Randstad Maturity Date.

In addition, the Randstad Borrowers:

(a) may, under certain circumstances, make voluntary prepayments, in full or in part, of the principal amount outstanding of the Randstad Senior Loans; and

(b) must, under certain circumstances make mandatory prepayments, in full or in part of the principal amount outstanding of the Randstad Senior Loans.

The Randstad Borrowers may prepay the Randstad Senior Loans in whole or in part provided that the minimum amount of any prepayment is €1,000,000. The Randstad Borrowers may also prepay the Randstad Senior Loans if they are required to pay any amount to a Randstad Senior Lender in respect of the tax indemnity and tax-gross up provisions in the Randstad Credit Agreement or to compensate a Lender for increased costs (at a rate that exceeds that charged by another Randstad Senior Lender) (each a "**Lender Prepayment Event**") but each prepayment shall only be to the extent of the relevant Randstad Senior Lender's drawn commitment. The Randstad Borrowers are required to prepay the Randstad Loans if:

(a) it becomes unlawful for a Randstad Senior Lender to give effect to any of its rights under the Randstad Credit Agreement (but only to the extent of the relevant lender's drawn commitment);

(b) to the extent of any amounts standing to the credit of the Randstad Insurance Proceeds Account which have not been applied towards reinstatement within a year of receipt or the end of loss of rent cover;

(c) in full if there is a change of control of the Randstad Group or a sale of all or substantially all of its assets or a suspension of its business;

(d) to the extent of any part of a Financed Leasehold Amount which, six months after the date of the Randstad Credit Agreement, has not been used for its purpose; or

(e) to the extent of any amount standing to the credit of the Randstad Sales Account which is required to be used to prepay the Randstad Senior Loans.

If any Randstad Borrower makes a voluntary prepayment or a mandatory prepayment of the principal amount outstanding of the Randstad Senior Loans it may be required to pay certain prepayment fees and break costs to the Randstad Senior Lenders.

Prepayment fees will be payable in respect of any prepayment of a type other than those described in paragraphs (a), (b) and (d) above or in relation to a Lender Prepayment Event, if the aggregate amount of the prepayments made in each 12 month period ending on an anniversary of the Randstad Signing Date is in excess of (a) the total Prepayment Allowance from the Randstad Signing Date to the prepayment date, plus (b) the amount of prepayments in respect of which a fee has been paid from the Randstad Signing Date to the prepayment date.

For those purposes, "**Prepayment Allowance**" means:

(a) in the period commencing on the date of the Randstad Signing Date and ending on but excluding 15 August 2006 €6,450,000 (or, if prepayments are made from the Randstad Extra-ordinary Maintenance Reserve €6,950,000);

(b) in the period commencing on 15 August 2006 and ending on but excluding 15 August 2007 €47,500,000; and

(c) in the period commencing on 15 August 2007 and ending on but excluding 15 August 2008 €47,500,000.

Tax Gross Up obligations under the Randstad Senior Loans

The Randstad Borrowers covenant, under the terms of the Randstad Credit Agreement, to make all payments due in respect of the Randstad Senior Loans without deduction, for or on account of tax unless such deduction is required by law.

In the case of the deductions referred to above and any other deductions required by law, the Randstad Borrowers are required to increase the payments due from them under the Randstad Credit Agreement by an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

Bank Accounts relating to the Randstad Senior Loans

The Randstad Credit Agreement requires that the following accounts are maintained:

(a) jointly by the Randstad Obligors, a master rent account (the "**Randstad Master Rent Account**");

(b) by the Randstad Parent, a general account (the "**Randstad General Account**");

(c) by each Randstad Borrowers, collection accounts (the "**Randstad Collection Accounts**");

(d) jointly by the Randstad Obligors, an extraordinary maintenance reserve account (the "**Randstad Extraordinary Maintenance Reserve Account**");

(e) jointly by the Randstad Obligors, a shareholder loan account (the "**Randstad Shareholder Loan Account**");

(f) jointly by the Randstad Obligors, an initial backlog maintenance reserve account (the "**Randstad Initial Backlog Maintenance Reserve Account**");

(g) by the Randstad Parent, a shareholder loan repayment account (the "**Randstad Shareholder Loan Repayment Account**");

(h) jointly by D/L Real Estate K10 Rotterdam B.V., D/L Real Estate K11 Rotterdam B.V., D/L Real Estate K13 Rotterdam B.V. and the Randstad Parent, a financed leasehold reserve account (the "**Randstad Financed Leasehold Reserve Account**");

(i) jointly by the Randstad Obligors, an insurance proceeds account (the "**Randstad Insurance Proceeds Account**");

(j) jointly by the Randstad Obligors, a tax reserve account (the "**Randstad Tax Reserve Account**");

(k) jointly by the Randstad Obligors, a rent deposit account (the "**Randstad Rent Deposit Account**"); and

(l) by the Netherlands Facility Agent, a sales account (the "**Randstad Sales Account**" and together with the other accounts referred to in (a) to (k) above, the "**Randstad Accounts**").

Each of the Randstad Accounts are held with Fortis Bank (Netherland) N.V. ("**Fortis Bank**"). If Fortis Bank's short term unsecured, unguaranteed and unsubordinated debt is downgraded below A-1 by S&P P-1 by Moody's and F1 by Fitch or its long term unsecured unguaranteed and unsubordinated debt is downgraded below Aa3 by Moody's then the Randstad Borrowers shall be required to use their best efforts to secure a guarantee of Fortis Bank's obligations, appoint another account bank with the requisite ratings or otherwise take action acceptable to the Randstad Security Trustee.

Cash-flows into and from the Randstad Collection Accounts

All Randstad Rental Income and all other amounts due from tenants or otherwise relating to each Randstad Property are paid into the Randstad Collection Account of the Randstad Borrower which owns the applicable Randstad Property (other than sums received by way of deposit held as security for performance of tenants obligations which are paid into the Randstad Rent Deposit Account).

On the tenth day of each month (or after the occurrence of a Randstad Event of Default on the same date as receipt of any relevant amount) all Randstad Rental Income (other than amounts received in respect of service charges, contributions to insurance costs and amounts of operating expenditure (plus VAT) as determined by managing agent at that time (the "**Randstad Managing Agent**")) standing to the credit of each Randstad Collection Account are transferred to the Randstad Master Rent Account.

Cash-flows into and from the Randstad Master Rent Account

The following amounts will be transferred into the Randstad Master Rent Account:

(a) all amounts required to be transferred by the Randstad Managing Agent from the Randstad Collection Accounts;

(b) all amounts received by, or to be received from the hedge provider under the hedging agreement relating to the Randstad Loan and (c) any transfer which the Netherlands Facility Agent is required to make from the Randstad Sales Account.

On each Randstad Payment Date, the Randstad Managing Agent is required to transfer the following amounts from the Randstad Master Rent Account to an account of the Netherlands Facility Agent (unless stated below):

(a) any periodic payments due under the hedging arrangements relating to the Randstad Senior Loans;

(b) payments which are required to be made to the Randstad Extraordinary Maintenance Reserve Account;

(c) payments which are required to be made to the Randstad Tax Reserve Account;

(d) any other payments due in respect of the hedging arrangements relating to the Randstad Senior Loans;

(e) payment of accrued interest on the Randstad Senior Loans (excluding any interest calculated at the default rate);

(f) payment of an amount equal to any Amortisation Instalment then due;

(g) any other amount payable to a Randstad Finance Party;

(h) payment of any interest which is due in respect of the Randstad Senior Loans at the default rate;

(i) payment of any other amounts due (including any amounts due under the Randstad Mezzanine Loan) or any other Randstad Subordinated Debt; and

(j) payment of any remainder to the Randstad General Account.

Amounts paid under these provisions are further subject to the priorities established in the Randstad Intercreditor Agreement.

Cash-flows into and from the Randstad Initial Backlog Maintenance Reserve Account

On the drawdown date of the Randstad Senior Loans, the Initial Backlog Maintenance Reserve was deposited in the Randstad Initial Backlog Maintenance Reserve Account.

The Randstad Managing Agent on behalf of the Randstad Borrowers may withdraw amounts deposited in the Randstad Initial Backlog Maintenance Reserve Account to pay for the backlog maintenance identified in the due diligence report relating to the Randstad Properties. If the amount standing to the credit of the Initial Backlog Maintenance Reserve Account is in excess of the level of Initial Backlog Maintenance Reserve stipulated by the most recent independent appraisal, then the excess may be applied towards prepayment of the Randstad Senior Loans provided that the Randstad Managing Agent certifies that such application will not cause an insufficiency in the Initial Backlog Maintenance Reserve.

Cash-flows into and from the Randstad Extraordinary Maintenance Reserve Account

On each Randstad Payment Date:

(a) falling on or prior to the second anniversary of the Randstad Signing Date, the Randstad Borrowers will be required to pay from the Randstad Master Rent Account to the Extraordinary Maintenance Reserve Account an amount equal to €0.75 multiplied by the lettable square metres of each Randstad Property; and

(b) falling after the second anniversary of the Randstad Signing Date, the Randstad Borrowers will be required to pay from the Randstad Master Rent Account to the Extraordinary Maintenance Reserve Account an amount equal to €2 multiplied by the lettable square metres of each Randstad Property.

The Randstad Managing Agent is entitled to withdraw the amounts on deposit in the Extraordinary Maintenance Reserve Account to pay for extraordinary maintenance expenses identified in its annual budget.

On each Interest Payment Date, if the amount deposited in the Randstad Extraordinary Maintenance

Reserve Account is higher than €625,000, then the Randstad Borrowers may apply the excess to prepay the Randstad Senior Loans provided that the Randstad Managing Agent has delivered a certificate to the Netherlands Facility Agent stating that after such withdrawal the amount on deposit in the Randstad Extraordinary Maintenance Reserve Account is sufficient to cover the annual budget for extraordinary maintenance.

Cash-flows into and from the Randstad Tax Reserve Account

Within ten days of receiving the net proceeds of a disposal made in accordance with the terms of the Randstad Credit Agreement, an amount equal to the tax payable in respect of such disposal shall be deposited in the Randstad Tax Reserve Account.

On each Randstad Payment Date, an amount equal to accrued corporate tax liabilities of the Randstad Group will be transferred from the Randstad Rent Account to the Randstad Tax Reserve Account. The amount will be calculated by reference to corporate tax liabilities of the Randstad Group as reasonably determined by the Randstad Parent. The Netherlands Facility Agent has five Business Days from the date of notification by the Randstad Borrowers to object.

Any amount remaining in the Randstad Tax Reserve Account after payment of all taxes will be transferred to the Randstad Master Rent Account.

Cashflows into and from the Randstad Insurance Proceeds Account

The Randstad Borrowers covenant in the Randstad Credit Agreement that all insurance proceeds when received will be deposited in the Randstad Insurance Proceeds Account. Amounts standing to the credit of the Randstad Insurance Proceeds Account will be applied:

(a) towards replacing or reinstating the Randstad Property in respect of which the insurance payment was made; or

(b) towards prepayment of the Randstad Senior Loans but only to the extent of any amounts standing to the credit of the Randstad Insurance Proceeds Account which have not been applied towards reinstatement:

  (i) within a year of receipt; or

  (ii) prior to expiry of the period for which loss of rent cover is available.

Cashflows into and from the Randstad Sales Account

The Randstad Borrowers are required to deposit all proceeds from disposals of Randstad Properties in the Randstad Sales Account.

The Netherlands Facility Agent may pay any outstanding costs relating to a disposal from amounts standing to the credit of the Randstad Sales Account.

On each Randstad Payment Date the Netherlands Facility Agent is required to distribute amounts standing to the credit of the Randstad Sales Account in the following order:

(a) any amount required to be transferred to the Randstad Tax Reserve Account;

(b) (i) an amount toward payment of any break costs due to the hedge provider;

  (ii) an amount equal to the difference between the release price for the relevant Randstad Property and Shareholder Loan Allocated Loan Amount to be applied towards amortisation of the Randstad Senior Loans;

  (iii) an amount equal to the Shareholder Loan Allocated Loan Amount to be applied towards amortisation of the Mezzanine Servicing Shareholder Loan; and

(c) any remainder to the Randstad Master Rent Account.

The "**Shareholder Loan Allocated Loan Amounts**" are set out in the Randstad Credit Agreement and provide a specific value in relation to each Randstad Property.

Cashflows into and from the Randstad Rent Deposit Account

Sums received by way of deposit held as security for performance of tenants obligations are paid into the Randstad Rent Deposit Account. Any amount withheld by the Randstad Borrowers from any such deposit in accordance with the terms of an occupational lease shall be transferred to the Randstad Master Rent Account.

The Randstad Borrowers may withdraw monies standing to the credit of the Randstad Rent Deposit Account for repaying to tenants sums received by way of deposit and held as security for the performance of a tenant's obligations.

Cashflows into and from the Randstad Financed Leasehold Account

On the drawdown date of the Randstad Senior Loans, the Financed Leasehold Amount was deposited in the Randstad Financed Leasehold Account.

On any date falling prior to the six-month anniversary of the Randstad Signing Date, the Randstad Managing Agent on behalf of D/L Real Estate K10 Rotterdam B.V., D/L Real Estate K11 Rotterdam B.V., and D/L Real Estate K13 Rotterdam B.V. and the Randstad Parent is allowed to withdraw the amounts on deposit to pay for the purchase price of part of a leasehold property. Provided that the amounts that are drawn are not more than the minimum of 93.5 per cent. of the conversion value of the Randstad Property and 93.5 per cent. of the net purchase price paid to convert the asset to freehold calculated on asset by asset basis.

Cashflows into and from the Randstad Shareholder Loan Account and Randstad Shareholder Loan Repayment Account

In accordance with the priority of payments relating to the Randstad Master Rent Account on each Randstad Payment Date the Randstad Managing Agent will transfer from the Randstad Master Rent Account to the Randstad Shareholder Loan Account an amount due by the Randstad Borrowers in connection with the Randstad Mezzanine Servicing Shareholder Loan and any other amount due under the Randstad Mezzanine Loan. After receipt of such monies in Randstad Shareholder Loan Account, the Randstad Managing Agent shall transfer an amount equal to the amount due under the Randstad Mezzanine Loan by the Randstad Parent to the Randstad Mezzanine Lender to the Randstad Shareholder Loan Repayment Account. If after such payment any amount remains standing to the credit of the Randstad Shareholder Loan Account the Randstad Managing Agent shall transfer such amount to the Randstad General Account.

Control over the Randstad Accounts

Under the Randstad Pledge of Bank Accounts, each of the Randstad Accounts (other than the Randstad General Account and the Randstad Shareholder Loan Repayment Account) is pledged to the Randstad Security Trustee. The Randstad Borrowers have each granted a revocable power of attorney to the Randstad Managing Agent allowing it to operate the Randstad Accounts (other than the Randstad General Account).

Guarantee

The Randstad Parent irrevocably and unconditionally guarantees to, among others, the Randstad Senior Lenders, the Randstad Facility Agent, the Randstad Security Trustee, (together, the "**Randstad Finance Parties**") the punctual performance by each of the Randstad Borrowers of its payment obligations under the Randstad Credit Agreement and related Finance Documents.

Representations and Warranties under the Randstad Credit Agreement

The Randstad Credit Agreement contains various representations and warranties made by the Randstad Obligors. These representations were given on the date of the Randstad Credit Agreement and certain of them are deemed to have been repeated on the date of each drawdown request and on each Randstad Payment Date by reference to the facts and circumstances then existing.

The representations and warranties contained in the Randstad Credit Agreement include the following:

(a) each Randstad Obligor is a private limited company (*besloten vennootschap met beperkte aansprakelijkheid*) duly registered and validly existing under the laws of the Netherlands;

(b) each Randstad Obligor has the power to enter into, each of the Randstad Finance Documents to which it is a party and perform its obligations thereunder;

(c) no Randstad Event of Default is continuing or would occur as a result of making the Randstad Senior Loans;

(d) all information supplied by or on behalf of the Randstad Obligors to the valuer in connection with valuation of the Randstad Properties and to lawyers and civil law notaries for the purpose of any report of certificate of title is true, complete and accurate in material sense and all written factual information supplied by the Randstad Parent to the Randstad Finance Parties in connection with Randstad Finance Documents and the transactions contemplated thereby was true and accurate in all material respects;

(e) from the drawdown date, the Randstad Borrowers shall be the legal and beneficial owners of the Randstad Properties free from security interests (other than those granted by them in the Randstad Senior Security Agreements) and all deeds and documents necessary to show good and transferable title to each Randstad Property are in the possession of, or held at an appropriate land registry to the order of the Randstad Security Trustee or by lawyers acceptable to the Randstad Security Agent;

(f) the Randstad Borrowers have fully paid the total consideration payable for the Randstad Properties and have been fully and validly discharged for the payment thereof;

(g) the structure of each of the Randstad Properties has no substantial defects and is maintained in good repair;

(h) there are no easements affecting the Randstad Properties other than those referred to in the deed of transfer and the Randstad Properties are not subject to any measure preventing occupation; and

(i) to the best of the knowledge of the Randstad Obligors the occupational leases constitute and will constitute binding obligations of the tenants.

Undertakings under the Randstad Credit Agreement

The Randstad Borrowers and the Randstad Parent each give various undertakings in the Randstad Credit Agreement. The undertakings include the following:

(a) to provide in respect of each Randstad Borrower (on an unconsolidated basis) and the Randstad Parent (on a consolidated basis) in each year, its audited financial statements and its unaudited quarterly and semi-annual financial statements;

(b) to notify the Netherlands Facility Agent of the occurrence of any Randstad Event of Default and any steps being taken to remedy the same;

(c) not to create any security over, any part of its assets other than as permitted under the Randstad Finance Documents;

(d) it shall not exercise any activity other than owning and managing the Randstad Properties;

(e) it shall not change the type or nature of the business of the Randstad Group (whether by disposal, acquisition or otherwise) and it shall not enter into any merger;

(f) it will not sell or transfer any of its assets except for a disposal of shares or of a Randstad Property in accordance with the Randstad Finance Documents other than a disposal the proceeds of which are paid into the Randstad Sales Account or; the partial sale of the Randstad Property owned by D/L Real Estate K15 Zaandam B.V. the proceeds of which are paid into the Randstad Sales Account;

(g) it shall not terminate the hedging arrangements relating to the Randstad Senior Loans and will not enter into any other hedging arrangements;

(h) it will not without the consent of the Netherlands Facility Agent, in relation to any occupational lease where the annual rental income is equal to or greater than €50,000; (i) agree to any material amendment, waiver or surrender, (ii) commence forfeiture proceedings, (iii) consent to any assignment of a tenant's interest or (iv) agree to any downwards rent review unless such rent review reflects the market conditions at the time;

(i) the Randstad Borrowers will use their reasonable endeavours to find tenants for any vacant lettable space with a view to granting an occupational lease of that space; and

(k) the Randstad Borrowers will duly perform and observe all environmental laws, permits, covenants, restrictions and agreements.

Insurance Undertakings under the Randstad Senior Loans

Each of the Randstad Borrowers undertakes to maintain insurance in respect of each Randstad Property against loss or damage (on a full reinstatement basis including without limitation site clearance, professional fees, VAT and loss of rent for the entire period during which rent can not be collected), product risks, third party liability risks, terrorism cover, three years loss of rent and such other insurances as a prudent company in the same business as the Randstad Borrowers would effect in an amount and form acceptable to the Randstad Security Trustee. Any Randstad Senior Lender may, if it or the rating agencies considers that the amount insured by or the risks covered by an insurance policy are inadequate, require the Randstad Borrowers to increase the amount insured or amend the category of risks covered.

The Randstad Borrowers undertakes to procure that the Randstad Security Trustee is named as co-insured and loss payee under such policy or policies of insurance and that the policy or policies contains a provision under which the proceeds of insurance are payable directly to the Insurance Proceeds Account and to the extent permissible under the terms of the policy applied to prepay the Randstad Senior Loans.

Each insurer must have a minimum long term unsecured debt instrument rating by S&P or Fitch and Moody's. If an insurer ceases to have such a rating the Randstad Borrowers shall within 10 Business Days appoint a replacement insurer. The insurers in respect of the Randstad Loan are currently De Ruiter & de Jongh Verzekeringen.

Financial Undertakings under the Randstad Senior Loan

The Randstad Parent will ensure that:

(a) in the quarterly period ending on the last day to which each Compliance Certificate relates the Randstad Interest Cover Ratio calculated over such period was higher than 120 per cent;

(b) in the period of four consecutive quarterly financial periods of the Randstad Parent ending on the last day of the 4th period to which each Compliance Certificate relates, the Randstad Interest Cover Ratio calculated over such period was higher than 145 per cent; and

(c) on the last day of the financial period to which each Compliance Certificate relates, the Randstad LTV shall not exceed 85 per cent.

In this section:

"**Compliance Certificate**" means a compliance certificate in the form set out in the Credit Agreement.

"**Randstad Interest Cover Ratio**" means in relation to a specified period, the proportion expressed as a percentage which the Net Operating Income for such period bears to the amount of interest payable pursuant to the Randstad Credit Agreement for the same period.

"**Net Operating Income**" means for any period the Randstad Rental Income arising in such period but not including, to the extent otherwise included:

(a) monies received from tenants that are payable under the service charge provisions of occupation leases;

(b) any contribution by a tenant to a sinking fund;

(c) any VAT;

(d) any Randstad Rental Income attributable to an occupational lease which is more than one quarter in arrears;

(e) any sums received from any deposit held as security for performance of tenant obligations;

(f) any contribution towards insurance premia and/or the cost of insurance valuations;

less any non recoverable operating costs of the Randstad Properties.

"**Randstad Rental Income**" means the aggregate of all amounts payable to or for the benefit or account of a Randstad Borrower in connection with the letting or licensing of any Randstad Property or any part thereof.

Events of Default under the Randstad Senior Loans

The Randstad Credit Agreement contains various events of default (each a "**Randstad Event of Default**" and each of a Randstad Event of Default, a CPFM Event of Default and an Alliance Event of Default, a "**Netherlands Event of Default**") which (subject to applicable grace periods and materiality thresholds) include the following:

(a) a Randstad Obligor does not pay on the due date any amount payable pursuant to a Randstad Finance Document other than non-payment in full of an Amortisation Instalment;

(b) breach by a Randstad Obligor of the restrictions on dividends or the financial covenants or breach of any other obligations under the Randstad Finance Documents which is not remedied within 12 business days;

(c) any representation or statement made or deemed to be made by a Randstad Obligor in the Randstad Finance Documents is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;

(d) the auditors of the Randstad Parent qualify their report on any audited financial statements in a way reasonably likely to have a material adverse effect;

(e) any Randstad Obligor is insolvent or unable to pay its debts or subject to certain other insolvency related events;

(g) any financial indebtedness in an amount of at least €200,000 of any member of the Randstad Group other than indebtedness under the Randstad Finance Documents and the Randstad Mezzanine Credit Agreement and related documents is not paid when due or is eligible to be accelerated;

(h) any of the Randstad Obligors repudiates a Randstad Finance Document;

(i) the Randstad Borrower ceases or threatens to cease to carry on a substantial part of its business; or

(k) the Netherlands Facility Agent fails to obtain control over the Randstad Accounts other than (i) the Randstad Collection Accounts, (ii) the Randstad Initial Backlog Maintenance Account (iii) the Randstad Extraordinary Maintenance Reserve Account, (iv) the Randstad General Account and (v) the Randstad Shareholder Loan Repayment Account by way of power of attorney from the Randstad Obligors.

Subject to the priorities of the Randstad A Lenders set out in the Randstad Intercreditor Agreement, at any time after a Randstad Event of Default has occurred, a Randstad Senior Lender and/or the Randstad Security Trustee may do any of the following:

(a) declare that any part of the Randstad Borrower's obligations under the Randstad Finance Documents are either (i) immediately due and payable or (ii) due and payable on demand; or

(b) take any step to enforce any security granted by the Randstad Borrower or to exercise any rights of a Randstad Senior Lender and/or the Randstad Security Trustee under the Randstad Finance Documents.

The Randstad Related Security

The Randstad Senior Loan is secured by a number of security interests, together constituting the Randstad Related Security.

The Randstad Deed of Mortgage

The Randstad Parent has created a mortgage of the Randstad Properties in favour of the Randstad Security Trustee pursuant to a notarial deed of mortgage (the "**Randstad Deed of Mortgage**"). The amount secured by the Randstad Deed of Mortgage is the monetary obligations of the Randstad Parent to the Randstad Security Trustee under the Randstad Finance Documents and the parallel debt owed to the Randstad Security Trustee in connection with the Randstad Senior Loan (as to which see the section headed "Certain Matters of Netherlands Law – Parallel Debt") below (together the "**Randstad Secured Obligations**"). The Mortgage created by Randstad Deed of Mortgage is first ranking and has been registered at the relevant land registry.

The Randstad Parent created the mortgage of the Randstad Properties whilst it was the owner of the Randstad Properties. The Randstad Parent subsequently transferred the Randstad Properties to the Randstad Borrowers. Following the transfers and subject to the matters disclosed in the section "Certain Matters of Netherlands Law" below, the Mortgage created by the Randstad Parent remains effective to secure the obligations it is expressed to secure.

The security granted under the Randstad Deed of Mortgage will become enforceable if a Randstad Obligor defaults in the payment of any sum due under the Randstad Finance Documents.

The Randstad Deed of Mortgage is governed by Netherlands law.

The Randstad Receivables Pledge

Pursuant to a deed of pledge (the "**Randstad Receivables Pledge**"), the Randstad Obligors created an undisclosed pledge in favour of the Randstad Security Trustee of its rights over all its present and future receivables arising from its then existing legal relationships including but not limited to receivables arising under insurance policies and occupational leases relating to the Randstad

Properties. In addition, the Randstad Borrower undertakes, under the Randstad Receivables Pledge, to grant additional pledges over its future receivables (i) quarterly or (ii) at the request of the Randstad Security Trustee.

The Randstad Receivables Pledge secures all monetary payment obligations of the Randstad Obligors to the Randstad Security Trustee including the parallel debt.

The security granted under the Randstad Receivables Pledge will become enforceable upon the occurrence of a Randstad Event of Default.

The Randstad Receivables Pledge is governed by Netherlands law.

The Randstad Share Pledge

The Randstad Parent entered into twenty notarial deeds of pledge (the "**Randstad Share Pledges**") pursuant to which, it pledged to the Randstad Security Trustee as security, for payment of all monetary payment obligations of the Randstad Parent to the Randstad Security Trustee including the parallel debt, its present and future shares in the Randstad Borrowers and the dividend and pre-emption rights pertaining to those present and future shares.

The Randstad Share Pledges become enforceable on the occurrence of a Randstad Event of Default.

The Randstad Share Pledges are governed by Netherlands law.

The Randstad Pledge of Bank Accounts

Pursuant to three disclosed deeds of pledge (the "**Randstad Pledge of Bank Accounts**"), the Randstad Obligors created a disclosed pledge in favour of the Randstad Security Trustee of their rights over the Randstad Accounts (other than the Randstad General Account and the Randstad Shareholder Loan Repayment Account). Each Randstad Obligor warrants that the security created by the Randstad Pledge of Bank Accounts is first ranking.

The Randstad Receivables Pledge secures all monetary payment obligations to the relevant pledgors to the Randstad Security Trustee including the parallel debt.

The security granted under the Randstad Receivables Pledge will become enforceable upon occurrence of a Randstad Event of Default.

The Randstad Receivables Pledge is governed by Netherlands law.

Security over the Movable Assets

Pursuant to a deed of pledge (the "**Randstad Moveable Assets Pledge")**, the Randstad Obligors created a first charge non possessory pledge over their movable assets. The amount secured by the Randstad Moveable Assets Pledge is all the monetary payment obligations of the Randstad Obligors to the Randstad Security Trustee including the parallel debt.

The Randstad Moveable Assets Pledge becomes enforceable on the occurrence of a Randstad Event of Default.

The Randstad Moveable Assets Pledge is governed by Netherlands law.

Security over hedging rights

Pursuant to a disclosed deed of pledge (the "**Randstad Hedge Pledge**"), the Randstad Parent created a deed of disclosed pledge over its intra-group receivables and its rights under hedging arrangements relating to the Randstad Credit Agreement. The amount secured by the Randstad Hedge Pledge is all monetary payment obligations of the Randstad Parent to the Randstad Security Trustee including the parallel debt.

The Randstad Hedge Pledge becomes enforceable on the occurrence of a Randstad Event of Default.

The Randstad Hedge Assets Pledge is governed by Netherlands law.

The Randstad Mezzanine Security

The Randstad Shareholder entered into a notarial deed of pledge (the "**Randstad Shareholder Share Pledge**") pursuant to which, it pledged to the Randstad Mezzanine Lender as security, for payment of all monetary obligations of the Randstad Shareholder to the Randstad Mezzanine Lender to its present and future shares in the Randstad Parent and the dividend and pre-emption rights pertaining to those present and future shares.

The Randstad Shareholder Share Pledge becomes enforceable on the occurrence of an event of default in respect of the Randstad Mezzanine Loan.

The Randstad Shareholder Share Pledge is governed by Netherlands law.

For further information about the Randstad Related Security, see "Certain matters of Netherlands law" on page 186 "Risk Factors" on page 62.

Portuguese Loan

Cut-Off Date Principal Balance:	€65,072,216
% of Pool Balance:	16.0%

Algarve shopping centre

Portuguese Loan

Cut-Off Date Principal Balance:	**€65,072,216**
% of Pool Balance:	**16.0%**

The Portuguese Loan and Property Summary

Portuguese Loan Information	
Original Principal Balance[(1)]	€65,072,216
Cut Off Date Loan Principal Balance: [(1)]	€65,072,216
Loan Purpose:	Refinancing
Loan Closing Date:	22 May 2003
Loan First Payment Date:	15 August 2003
Amortisation:[(2)]	Yes
Loan Maturity Date:	15 May 2010
Scheduled Maturity Balance:	€56,507,733
Extension Options(s): [(3)]	Yes
Loan Payment Dates:[(4)]	February 15, May 15, August 15, November 15
Fixed/Floating Rate:	Fixed
Borrower Hedging:	N/A
Swap Provider:	N/A
Loan Reference Rate:	N/A
Loan Margin:	1.100 per cent.
Loan Interest Calculation:	Actual/360
Call Protection: [(5)]	Yes
Up-Front Reserves:	None
Ongoing Reserves: [(6)]	Yes

Portuguese Property Information	
Single Asset/Portfolio:	Single Asset
Property Type:	Retail
The Collateral:	Shopping centre with 130 different tenants
Number of Properties:	1
Location:	Guia, Portugal
Year Built/Renovated:	2001
Date and term of lease(s):[(7)]	Various
Net Lettable Area:	27,973sqm
Per cent. Leased:	94.9 per cent.
Freehold or Leasehold:	Freehold
Origination Valuation:	€96,922,000
Date of Valuation:	31 March 2005
Valuer:	Cushman & Wakefield
Property Manager:	Sonae Imobiliária - Gestão, S.A.
Cut-Off Date Loan PSM:	€2,326.3
Cut-Off Date LTV:[(8)]	67.1 per cent.
Maturity Date LTV:	58.3 per cent.
Underwritten Net Cashflow:	€7,237,023
Underwritten DSCR:	1.52x
Underwritten ICR:	2.39x

(1) The amount of the existing facility increased to €65,072,216 prior to the date of this Offering Circular pursuant to the Portuguese Loan Amendment Agreement.
(2) Commencing on 15 August 2003, the Borrower is required to repay amounts quarterly starting at €293,100 increasing to €521,702 on 15 May 2010.
(3) Two 1-year extension options.
(4) Or next Business Day.
(5) The first Portuguese Payment Date on which prepayments can be made without incurring prepayment fees is 15 February 2009.
(6) If a Major Tenant or 15% of the Minor tenants serve notice, an amount equal to 2 years annual rental for the relevant tenant(s) will be trapped.
(7) Weighted Average Life to first break option is 2.7 years as of the Cut-Off Date.
(8) The Cut-Off Date LTV is calculated on the basis that the principal balance of the Portuguese Loan is €65,072,216.

The Portuguese Loan was made by the Originator to Imovalue B.V. (the "**Original Portuguese Holdco Borrower**"), Sierra European Retail Real Estate Assets Holdings B.V. formerly known as Sonae Imobiliária European Retail Real Estate Assets Holdings B.V. (the "**New Portuguese Holdco Borrower**" and together with the Original Portuguese Holdco Borrower, the "**Portuguese Holdco Borrowers**") and Algarveshopping – Centro Comercial, S.A. formerly known as Algarveshopping – Empreendimentos Imobiliários, S.A. (the "**Portuguese Property Owner**"), and together with the New Portuguese Holdco Borrower, the "**Portuguese Borrowers**") pursuant to a credit agreement (the "**Portuguese Credit Agreement**") dated 22 May 2003, as amended from time to time thereafter.

The Original Portuguese Holdco Borrower was released from its obligations under the Portuguese Credit Agreement and those of its assets subject to the Portuguese Related Security were released from such security pursuant to a deed of release dated 26 August 2003.

The Portuguese Credit Agreement provides that the obligations of the Portuguese Borrowers under the Portuguese Credit Agreement are joint and several.

As at the Cut-Off Date, the Portuguese Loan had a principal amount outstanding of €51,894,000 which increased to €65,072,216 prior to the date of this Offering Circular, as a result of a drawing and

repayment to be made by the Portuguese Borrowers pursuant to an amendment agreement (the "**Portuguese Loan Amendment Agreement**") dated 25 November 2005. Following the drawing and repayment envisaged under the Portuguese Loan Amendment Agreement €18,379,496 has been drawn down by the Portuguese Property Owner and €46,692,720 has been drawn down by the New Portuguese Holdco Borrower. The scheduled maturity date of the Portuguese Loan is 15 May 2010. The Portuguese Credit Agreement is governed by English law.

The Portuguese Loan is secured by, among other things, a first ranking mortgage, created and perfected under Portuguese law, over the Portuguese Property, being 168 units within a shopping centre located in Guia, Albufeira, in Portugal. At the time the Originator obtained the Portuguese Valuation Report the market value of the freehold interest in the Portuguese Property was €96,922,000 as at 31 March 2005.

On or about the date of the Portuguese Credit Agreement, the Portuguese Security Trustee, the Portuguese Facility Agent, the Portuguese Borrowers, certain affiliates of the Portuguese Borrowers and the Originator entered into certain security agreements (the "**Portuguese Security Agreements**") creating the Portuguese Related Security.

Portuguese Property

Information regarding certain of the tenants and a lease rollover schedule are provided in the tables below.

Portuguese Loan Tenants

The tenants occupying the Portuguese Properties as at the Cut-Off Date are as follows:

Tenant	S&P's credit rating	Moody's credit rating	Fitch credit rating	Net Lettable Area (SqM)	Passing rent	% of total passing rent	Passing rent per SqM	Time to First Break (years)	Time to Expiration (years)
Zara Portugal - Confecções, (Zara)	NR	NR	NR	2,025	488,822	5.9%	241.4	Rolling[2]	10.4
Socorama-Castelo Lopes, Cinemas, S.A. (Castello Lopes Cinemas)	NR	NR	NR	2,717	336,070	4.0%	123.7	10.4	10.4
Worten - Equipamentos Para O Lar, SA (Worten)	NR	NR	NR	1,605	301,252	3.6%	187.7	1.4	1.4
Rock and Bowl - Entretenimento (Funcenter)	NR	NR	NR	1,265	224,335	2.7%	177.3	10.4	10.4
Confespanha - Confecções, Ida. (Cortefiel)	NR	NR	NR	867	192,309	2.3%	221.9	1.4	10.4
FNAC (FNAC)[1]	BBB-	NR	NR	2,247	172,605	2.1%	76.8	2.6	11.6
Bershka (Portugal)- Confecções, Soc. (Bershka)	NR	NR	NR	497	147,142	1.8%	296.1	Rolling[2]	10.4
Sport Zone - Com.De Art.De Desporto, S.A. (Sport Zone)	NR	NR	NR	715	142,664	1.7%	199.5	5.4	5.4
Modconfec - Moda e Confecções, Ida. (Promod)	NR	NR	NR	232	137,108	1.6%	591.7	5.4	5.4
Italco - Moda Italiana, Ida. (Massimo Dutti)	NR	NR	NR	441	130,457	1.6%	295.8	Rolling[2]	10.4
Top 10				12,611	2,272,764	27.3%	180.2	4.1	8.7
Remaining Tenants				15,362	6,048,038	72.7%	393.7	2.2	3.2
Total				27,973	8,320,803	100.0%	297.5	2.7	4.7

[1] Rating of the parent company.
[2] The tenant can at any time give 1-year notice to vacate the unit. Assumes that tenants with a rolling break option give the 1 year notice on Cut-Off Date
The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.

Lease Rollover Schedule (Tenants' first break option)

The following table sets forth the lease rollover schedule as at the Cut-Off Date:

Year Ending 31 December	Number of leases rolling	Passing rent rolling	% of total passing rent rolling	Cumulative % of total passing rent rolling	Net Lettable Area (SqM)	% of total Net Lettable Area rolling	Cumulative % of total Net Lettable Area rolling
Vacant	n/a	0	0.0%	0.0%	1,413	5.1%	5.1%
Rolling	6	1,057,735	12.7%	12.7%	3,836	13.7%	18.8%
2005	5	102,370	1.2%	13.9%	351	1.3%	20.0%
2006	0	0	0.0%	13.9%	0	0.0%	20.0%
2007	118	5,094,399	61.2%	75.2%	12,649	45.2%	65.2%
2008	8	459,464	5.5%	80.7%	2,729	9.8%	75.0%
2009	3	54,621	0.7%	81.3%	94	0.3%	75.3%
2010	11	369,688	4.4%	85.8%	721	2.6%	77.9%
2011	3	307,497	3.7%	89.5%	996	3.6%	81.5%
2012 and beyond	8	875,030	10.5%	100.0%	5,185	18.5%	100.0%
Total	162	8,320,803	100.0%	100.0%	27,973	100.0%	100.0%

The percentages in this table have been rounded and therefore may not exactly sum up to 100 per cent.

The Portuguese Borrowers

The Portuguese Property Owner is a limited liability company (*Sociedade Anónima*) incorporated in Portugal with its registered office in Maia, Portugal. Under the Portuguese Credit Agreement, the Portuguese Property Owner warrants that since the date of its incorporation it has not traded or carried on any business other than acquiring, managing and owning the Portuguese Property related activities consistent with the Portuguese Finance Documents. As such the Portuguese Property Owner is a Special Purpose Entity.

The Portuguese Credit Agreement contains an undertaking that all of the share capital of the Portuguese Property Owner is owned by one of the Portuguese Holdco Borrowers. The New Portuguese Holdco Borrower is a private limited liability company (*besloten vennootschap met beperkte aansprkelijheid*) with their registered offices located in Amsterdam, the Netherlands. The Portuguese Credit Agreement contains an undertaking that the New Portuguese Holdco Borrower will procure that there is no change in the nature of their respective businesses.

The ultimate owner of the New Portuguese Holdco Borrower is Sonae Sierra S.G.P.S., S.A. formerly known as Sonae Imobiliária S.G.P.S., S.A. (the "**Portuguese Parent**"). The Sonae Group is a significant investor in Portuguese real estate assets.

Subordination

Certain Portuguese Borrowers also entered into loan agreements with certain of their affiliates under which those affiliates provided additional debt finance to the Portuguese Borrowers (the "**Portuguese Subordinated Loan Agreements**"). Payment of amounts owing in respect of the Portuguese Subordinated Loan Agreements are expressly subordinated to payments of amounts owing in respect of the Portuguese Finance Documents pursuant to a deed of subordination (the "**Portuguese Deed of Subordination**" and together with the Portuguese Security Agreements, the Portuguese Credit Agreement, the "**Portuguese Finance Documents**") between, among others, the Portuguese Borrowers, the Portuguese Security Trustee and the lenders under the Portuguese Subordinated Loan Agreements.

Principal Amount of the Portuguese Loan

The total principal amount drawn under the Portuguese Loan as at the Closing Date is €65,072,216. Of this amount, €100 is owed to the Portuguese Security Trustee and the remainder is owed to the Originator.

Purpose of the Portuguese Loan

The Originator and the Portuguese Security Trustee advanced the Portuguese Loan to the Portuguese Property Owner for the primary purpose of enabling the Portuguese Property Owner to repay existing indebtedness owed by the Portuguese Property Owner in respect of the Portuguese Property.

Any amount borrowed by the New Portuguese Holdco Borrower shall, according to the Portuguese Credit Agreement be applied for general corporate purposes, other than providing financial assistance to subsidiaries in a manner which contravenes legislation in any relevant jurisdiction.

Payment of Interest on the Portuguese Loan

The Portuguese Borrowers are required, under the terms of the Portuguese Credit Agreement, to pay interest on the Portuguese Loan in arrear on the 15th day of February, May, August and November in each year or if such date is a non-business day on the business day falling immediately thereafter in the same month or, if none, the immediately preceding business day (each such date, a "**Portuguese Payment Date**"). The rate of interest applicable to the Portuguese Loan is a fixed rate. The obligations of the Portuguese Borrowers in relation to the payment of interest are joint and several. Default interest is also payable if any amount is not paid when due.

If the final repayment date of the Portuguese Loan is extended, the Portuguese Loan will bear interest at a floating rate from the Portuguese Payment Date falling in May 2010 until the final repayment of the Portuguese Loan

Repayment of Principal in respect of the Portuguese Loan

The Portuguese Borrowers are required to repay the principal amount outstanding of the Portuguese Loan in full on the Portuguese Payment Date falling in May 2010 (the "**Portuguese Final Payment Date**"). However the Portuguese Loan Amendment Agreement amended the terms of the Portuguese Credit Agreement in order to permit the Portuguese Borrowers on payment of a fee to the Lender at their option to extend the date for final repayment for the Portuguese Loan by one year (the "**Portuguese First Option Period**") provided that at the time of such extension they have entered into hedging arrangements satisfactory to the Lender for one year for the total outstanding amount of the Portuguese Loan and the debt service coverage ratio is 1.25 at the time of requesting the extension. At the end of the Portuguese First Option Period, the Portuguese Borrowers will on payment of a fee to the Lender be entitled to extend final repayment of the Portuguese Loan by a further year provided that they have entered into hedging arrangements satisfactory to the Lender for one year for the total outstanding amount of the Portuguese Loan and the debt service coverage ratio is 1.25 at the time of requesting the extension. Any hedging arrangements entered into in respect of an extension of the Portuguese Loan are referred to in this Offering Circular as the "**Portuguese Hedging Arrangements**". In addition, the Portuguese Borrowers are required to repay part the principal amount outstanding of the Portuguese Loan in instalments on each Portuguese Payment Date. The instalments rise from €329,000 due on the Portuguese Payment Date falling in 15 November 2005 to €521,702 on the Portuguese Final Payment Date. In the event that the date for final repayment is extended by the Portuguese Borrowers will continue to be required to repay the Portuguese Loan in instalments on each Portuguese Payment Date.

In addition, each Portuguese Borrower:

(a) may, under certain circumstances, make voluntary prepayments, in full or in part of the principal amount outstanding of the Portuguese Loan; and

(b) must, under certain circumstances make mandatory prepayments, in full or in part of the principal amount outstanding of the Portuguese Loan.

Each Portuguese Borrower to which a Portuguese Loan has been made may prepay the Portuguese Loan in whole or in part provided that the minimum amount of any prepayment is €10,000,000. Each Portuguese Borrower may also make a voluntary prepayment of all of the principal amount outstanding of the Portuguese Loan if it is required to "gross-up" or make a tax indemnity payment in circumstances not contemplated in the section headed "Portuguese Loan – Gross-Up" below or if a Portuguese Borrower is required to pay the Lender any additional costs incurred by the Lender.

If any Portuguese Borrower makes a voluntary prepayment or a mandatory prepayment of the principal amount outstanding of the Portuguese Loan (including a prepayment followed by a redrawing by another Portuguese Borrower) it may be required to pay certain prepayment fees to the Lender. No prepayment fees will need to be paid in respect of prepayments occurring from 16 November, 2008 onwards.

The obligations of the Portuguese Borrowers in relation to the repayment of principal are, as is the case with the obligation to make payment of interest, joint and several.

Tax Gross Up obligations under the Portuguese Loan

Each Portuguese Borrower covenants, under the terms of the Portuguese Credit Agreement, to make all payments due in respect of the Portuguese Loan without deduction for or on account of tax, unless such deduction is required by law. As at the date of this Offering Circular, payments of interest under the Portuguese Loan made to the Issuer by a Portuguese resident entity are subject to a withholding tax of 20 per cent. (which will be reduced to 15 per cent. by operation of the Portugal – Ireland Double Tax Treaty on completion of the relevant filings by the Issuer, which will be undertaken annually by the Servicer on the Issuer's behalf) and are also subject to stamp duty of four per cent. The Portuguese Borrowers have, prior to the Closing Date, been making such gross up payments in relation to the Portuguese Loan.

In the case of the deductions referred to above and any other deductions required by law, the Portuguese Borrowers are required to increase the payments due from them under the Portuguese Credit Agreement by an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required. However, the Portuguese Property Owner will not be obliged to make whole its payments to the Issuer if it is required to deduct more than 15 per cent. from the payments due to the Issuer under the Portuguese Credit Agreement and it can show:

(a) that the Issuer has failed to complete procedural formalities in connection with obtaining relief under the appropriate double taxation agreement; or

(b) the reason for the change in the rate of deduction results from any event or circumstance other than a change in (or in the interpretation, administration or application of) any law or double taxation agreement or any practice or concession of any tax authority.

Bank Accounts relating to the Portuguese Loan

The Portuguese Credit Agreement requires the Portuguese Property Owner to maintain:

(a) a rent account (the "**Portuguese Rent Account**");

(b) a current account (the "**Portuguese General Account**"); and

(c) a deposit account (the "**Portuguese Deposit Account**" and together with the Portuguese Rent Account and the Portuguese General Account, the **"Portuguese Control Accounts**").

In addition, the Portuguese Credit Agreement requires that Sierra Management Portugal – Gestão de Centros Comercais, S.A. formerly known as Sonae Imobiliária – Gestão, S.A. (the "**Portuguese Property Manager**") to maintain a collection account (the "**Portuguese Property Management**

Account").

The Portuguese Control Accounts are each held with Banco Comercial Português, as is the Portuguese Property Management Account.

Cash-flows into and from the Portuguese Account

All Rental Income generated in respect of the Portuguese Property is collected into the Portuguese Property Management Account**.**

The Portuguese Property Manager may withdraw amounts standing to the credit of the Portuguese Property Management Account which represent sums paid by the tenants (as part of the Rental Income deposited in the Portuguese Property Management Account) for the following purposes:

(a) to reimburse the Portuguese Property Owner or the Portuguese Property Manager for an amount of up to €4,750,000 in any twelve month period in respect of operating costs including but not limited to the payment of insurance premia, tax (include VAT), property management fees, bank fees, maintenance, repairs, professional fees and marketing costs (the "**Portuguese Operating Expenses**"); and

(b) to be held on account for expenses to be incurred by the Portuguese Property Owner or the Portuguese Property Manager in respect of the management, administration, maintenance and repair of the Portuguese Property and in respect of the payment of any insurance premia (together with the Portuguese Operating Expenses, the "**Portuguese Common Charges**").

On the 25th day of each calendar month all amounts standing to the credit of the Portuguese Property Management Account (after deducting or withdrawing the Portuguese Common Charges) will be transferred to the Portuguese Rent Account.

Control over the Portuguese Property Management Account

The Portuguese Property Manager and the Portuguese Facility Agent have signing rights in relation to the Portuguese Property Management Account prior to the occurrence of a Portuguese Event of Default. If a Portuguese Event of Default is continuing, the Portuguese Facility Agent may give notice that no withdrawals may occur from the Portuguese Property Management Account without its consent. However, after a Portuguese Event of Default has occurred and the Portuguese Facility Agent has not terminated the appointment of the Portuguese Property Manager, the Portuguese Facility Agent may not withdraw any amount from the Portuguese Property Management Account which represents or is equal to any Portuguese Common Charges.

Cash-flows into and from the Portuguese Rent Account

As specified above, on the 25th day of each calendar month all amounts standing to the credit of the Portuguese Property Management Account (after deducting or withdrawing the Portuguese Common Charges) will be transferred to the Portuguese Rent Account.

On each Portuguese Payment Date, provided that the costs of the Portuguese Facility Agent and Portuguese Security Trustee have been paid in full and any accrued interest, fees, scheduled amortisation payment and any other amounts which have fallen due for payment under the Portuguese Finance Documents (together, the "**Portuguese Senior Expenses**") have been paid by the Borrowers, the monies standing to the credit of the Portuguese Rent Account will be applied:

(a) first, if there has been a breach of the DSCR test described in the section headed "Financial Undertakings" below, in full to the Portuguese Deposit Account;

(b) second, to the Portuguese Deposit Account in an amount equal to any Tenant Reserve Amount then due; and

(c) third, to the Portuguese General Account in respect of any remaining amounts.

Control over the Portuguese Rent Account

Amounts may be withdrawn from the Portuguese Rent Account at any time by the Portuguese Facility Agent (and, prior to the occurrence of a Portuguese Event of Default, by the Portuguese Property Manager and the Portuguese Property Owner) to meet operating expenses. The Portuguese Property Owner and the Portuguese Property Manager must certify that all such amounts withdrawn by them from the Portuguese Rent Account are applied to meet operating expenses.

The Portuguese Property Owner and the Portuguese Facility Agent have signing rights in relation to the Portuguese Rent Account prior to the occurrence of a Portuguese Event of Default. If a Portuguese Event of Default has occurred and is continuing the Portuguese Facility Agent may give notice that no withdrawals may occur without its consent.

Cash-flows into and from the Portuguese Deposit Account

If:

(a) any of the top ten tenants of the Portuguese Property determined on the basis of the most recent rent roll (the "**Major Tenants**"); or

(b) 15 per cent. (calculated on the aggregate of individual annual rents payable as a percentage of the aggregate annual rental income payable by any other tenant (a "**Minor Tenant**") occupying a unit of the Portuguese Property on an occupational lease with a six-year term) or more of the Minor Tenants,

serves notice to terminate the relevant occupational leases, an amount equal to two year's rent of the relevant Major Tenant or Minor Tenants, as the case may be (a "**Tenant Reserve Amount**") shall be transferred from the Portuguese Rent Account to the Portuguese Deposit Account. If there are insufficient funds available in the Portuguese Rent Account on the relevant Portuguese Payment Date on which all or part of a Tenant Reserve Amount is required to be transferred to the Portuguese Deposit Account, an amount equal to the shortfall will be transferred on the next Portuguese Payment Date.

Prior to the occurrence of a Portuguese Event of Default, a Tenant Reserve Amount held in the Portuguese Deposit Account will only be released if the Portuguese Facility Agent is satisfied that when the relevant parts of the Portuguese Property have been relet at a market rent in which case such Tenant Reserve Amount will be applied as the Portuguese Property Owner directs.

In addition, if on any Portuguese Payment Date there has been a breach of any of the debt service coverage ratio (or "**DSCR**") tests described in the section headed "The Portuguese Loan – Financial Undertakings" below or a failure to supply the information required to calculate the DSCR tests, all sums then standing to the credit of the Portuguese Rent Account (after deducting or withdrawing the Portuguese Common Charges) will be transferred to the Portuguese Deposit Account (such transferred amounts, the "**DSCR Reserve**").

Prior to the occurrence of a Portuguese Event of Default, the DSCR Reserve will only be released if the breach or failure requiring deposit of the DSCR Reserve has been cured, in which case the DSCR Reserve will be released to the Portuguese Property Owner.

All amounts received under the insurance policies entered into in respect of the Portuguese Property will be paid directly into the Portuguese Deposit Account and will only be released to repay the Portuguese Loan or to be applied towards reinstatement of the Portuguese Property.

Controls over the Portuguese Deposit Account

The Portuguese Facility Agent has sole signing rights in relation to the Portuguese Deposit Account.

Cash-flows into and from the Portuguese General Account

Prior to the occurrence of a Portuguese Event of Default, the Portuguese Property Owner may make

withdrawals from the Portuguese General Account to be applied in a manner consistent with the Portuguese Finance Documents at any time. If a Portuguese Event of Default occurs and is continuing the Portuguese Facility Agent may give notice that no withdrawals may occur without its consent.

Control over the Portuguese General Account

If a Portuguese Event of Default has occurred and is continuing the Portuguese Facility Agent may give notice that no withdrawals may occur from the Portuguese General Account without its consent. However, after delivery of such a notice, the Portuguese Facility Agent will be required to withdraw and apply at the direction of the Portuguese Borrowers from the Portuguese General Account an amount equal to all amounts received into the Portuguese General Account, prior to the occurrence of a Portuguese Event of Default, from the Portuguese Rent Account pursuant to paragraph (c) of the priority of payments governing payments made on each Portuguese Payment Date.

Representations and Warranties under the Portuguese Loan

The Portuguese Credit Agreement contains various representations and warranties given by one or more of the Portuguese Borrowers. In addition certain representations relating to ownership of the Portuguese Property, are also made by the Portuguese Property Manager and Sierra Asset Management - Gestão de Activos S.A., formerly known as Sonae Imobiliária – Asset Management S.A. (the "**Portuguese Asset Manager**"). These representations were given on the date of the Portuguese Credit Agreement and certain of them are deemed to have been repeated on the date of each drawdown request and on each Portuguese Payment Date by reference to the facts and circumstances then existing.

The representations and warranties contained in the Portuguese Credit Agreement include the following:

(a) each Portuguese Borrower is duly incorporated and validly existing under the law of its jurisdiction of incorporation;

(b) each Portuguese Borrower has the power to enter into, perform and deliver, and has taken all necessary action to authorise entry into the Portuguese Finance Documents to which it is a party and the transactions contemplated thereby;

(c) no Portuguese Event of Default is continuing or might reasonably be expected to result from making the Portuguese Loan;

(d) all factual information supplied by the Portuguese Borrowers to the Portuguese Finance Parties in connection with the Portuguese Finance Documents was complete and accurate in all material respects at the time it was supplied and all estimates, forecasts and projections supplied by the Portuguese Borrowers to the Portuguese Finance Parties were fair and reasonable at the time they were made;

(e) except as disclosed in the certificate of title, the Portuguese Property Owner is the owner of, and has good and valid title to the Portuguese Property, free and clear of any lien or encumbrance, and is otherwise entitled to use its assets as are necessary to conduct its business;

(f) the Portuguese Property Owner has, or will by 1 September 2003 have obtained a *licença de utilização (use licence)* in respect of all of the Portuguese Property (for further information about the licença de utilização, see "Certain Matters of Portuguese Law" at page 191);

(g) the Portuguese Property Owner and the Portuguese Property Manager jointly are a party (or the Portuguese Property Manager alone is a party) to several *contratos de utilização* (occupational leases) to which the Portuguese Property is subject and the Portuguese Property Manager is the direct creditor of any and all payments made by a tenant of the Portuguese Property under such *contratos de utilização* (which payments are deposited in the Portuguese Property Management Account) and the occurrence of an insolvency event in

respect of the Portuguese Property Manager would not cause the termination of any such *contrato de utilização* (for further information about the implications of the insolvency of the Portuguese Property Manager, see "Certain Matters of Portuguese Law");

(h) the Portuguese Property is free from any latent or inherent defect (whether of design, workmanship or material);

(i) except as disclosed in the certificate of title, no security exists over the assets of any Portuguese Borrower other than as permitted by the negative pledge in the Portuguese Credit Agreement and each Portuguese Borrower is the owner of and has good and valid title to such assets free and clear of any lien or encumbrance, each of its assets which are expressed to be subject to the Portuguese Related Security; and

(j) the Portuguese Property Owner has not traded or carried on any business since its formation other than conducting the business of acquiring, managing and owning the Portuguese Property and related activities consistent with the Portuguese Finance Documents.

Undertakings under the Portuguese Credit Agreement

Each of the Portuguese Borrowers gives various undertakings in the Portuguese Credit Agreement. The undertakings include the following:

(a) to provide in respect of each Portuguese Borrower in each year, its audited financial statements, its unaudited semi-annual financial statements, its quarterly management accounts and any further financial information as may be requested;

(b) to notify the Portuguese Facility Agent of the occurrence of any Portuguese Event of Default and any steps being taken to remedy the same;

(c) subject to certain exceptions, not to create any security over (i) in the case of Portuguese Property Owner, any of its assets and (ii) in the case of the New Portuguese Holdco Borrower, any part of its assets which is expressed to be subject to the Portuguese Related Security;

(d) the Portuguese Property Owner shall only conduct the business of owning the Portuguese Property and related activities in a manner consistent with the Portuguese Finance Documents and the New Portuguese Holdco Borrower shall procure that no substantial change is made to the general nature of its business from that carried on at the date of the Portuguese Credit Agreement;

(e) no Portuguese Borrower shall, without the prior consent of the Lender, dispose of (i) in the case of the Portuguese Property Owner, the whole or any part of its assets (other than that part of the Portuguese Property which is to be transferred to the public domain in accordance with the *Plano de Pormenor da Guia* and the *Construction Permit (Alvará de Construção) of Infrastructures and Accesses* issued on 7 January 2001 and pursuant to the compulsory transfer of the Portuguese Property, for further information as to which see "Risk Factors - Compulsory Transfer of Properties" at page 68), and (ii) in the case of the New Portuguese Holdco Borrower, any part of its assets which is expressed to be subject to the security created under the Portuguese Finance Documents, though under certain circumstances disposal of the Portuguese Property is permitted without the consent of the Lender;

(f) no Portuguese Borrower will conduct its activities or business in a manner which purposely gives preference to any other shopping centre owned by the Portuguese Parent or any of its subsidiaries;

(g) the Portuguese Property Owner shall not alter or terminate (i) the management agreement between it and the Portuguese Property Manager and (ii) rules of the condominium attached to the notarial deed of *propriedade horizontal* of the Portuguese Property which, among other things, describes all the units and common areas of the Portuguese Property and the service charges to be paid by each owner;

(h) the Portuguese Property Owner will observe and perform and enforce the terms of the occupational leases and shall ensure that any new occupational lease is on arms length market terms and consistent with market practice in Portugal;

(i) the Portuguese Property Owner will provide (i) a semi-annual rent roll, (ii) quarterly statements in relation to each account, (iii) its annual proposals for capital expenditure in relation to the Portuguese Property, (iv) once a quarter, a report on sales and traffic in the previous 12 month period and (v) a copy of any notice given by a Major Tenant or 20 per cent. of more of the Minor Tenants;

(j) the Portuguese Property Owner will comply with environmental law and maintain any environmental permits and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same.

Insurance Undertakings under the Portuguese Credit Agreement

Each of the Portuguese Borrowers undertakes, in the Portuguese Credit Agreement, to maintain insurance in respect of the Portuguese Property, against loss or damage (by a number of specified causes), contractors and construction all risks insurance, product risks, third party and public liability risks and contingencies including loss of rent for 18 months. The Portuguese Borrowers also covenant to obtain such insurance as would be standard in the market for a prudent owner of a shopping centre in Portugal. In addition, the Portuguese Facility Agent may require the Portuguese Property Owner to increase the amount insured under any policy to no more than the full replacement value of the Property or to amend the categories of risks covered.

Each of the Portuguese Borrowers undertakes to procure that the Portuguese Security Trustee is named as co-insured and loss payee under each insurance policy and that each such policy stipulates that all insurance proceeds will be paid directly to the Portuguese Deposit Account.

The insurers in respect of the Portuguese Property are currently Companhia de Seguros Fidelidade, SA. Under the Portuguese Credit Agreement, the Insurers must be approved by the Portuguese Facility Agent.

Financial Undertakings under the Portuguese Loan

The Portuguese Borrowers will ensure that the Portuguese Property Owner's (a) DSCR (after adding back any amount on account of corporate tax deducted from net operating income for the relevant period) for each 12 month period is not less than 120 per cent. and (b) DSCR for each 12 month period is not less than 115 per cent.

If the Portuguese Property Owner breaches either DSCR test, the balance standing to the credit of the Rent Account after meeting Portuguese Senior Expenses will be transferred to the Deposit Account and will not be released until the relevant breach has been cured.

For so long as the Portuguese Property Owner is in breach of either DSCR test, it shall not without the consent of the Lender agree to any material amendment, assignment, waiver, surrender or release in respect of an occupational lease to a Major Tenant.

The Portuguese Borrowers will ensure that the outstanding Portuguese Loan does not, at any time, exceed 69% of the market value of the Portuguese Property. If the Portuguese Borrowers breach this obligation, they must prepay the Portuguese Loan by such an amount as will ensure compliance with this requirement. In furtherance of this obligation, the Portuguese Borrowers are required to undertake periodic revaluations of the Portuguese Property.

Events of Default under the Portuguese Loan

The Portuguese Credit Agreement contains various events of default (each a "**Portuguese Event of Default**") which include (subject to applicable grace periods and materiality thresholds) the following:

(a) a Portuguese Borrower does not pay on the Portuguese Payment Date any amount payable pursuant to a Portuguese Finance Document;

(b) breach by the Portuguese Borrowers, the Portuguese Property Manager and the Portuguese Asset Manager of other obligations undertaken by them under the Portuguese Finance Documents;

(c) any representation or statement made or deemed to be made by a Portuguese Borrower, the Portuguese Property Manager or the Portuguese Asset Manager in the Portuguese Finance Documents is or proves to have been incorrect or misleading in any respect when made or deemed to be made;

(d) DSCR for any 12 month period is less than 100 per cent.;

(e) the Portuguese Property is destroyed or damaged in a manner that is not fully insured against;

(f) any Portuguese Borrower is insolvent or unable to pay its debts or subject to certain other insolvency related events;

(g) any financial indebtedness in excess €250,000 of any Portuguese Borrower is not paid when due (or within any applicable grace period) or is accelerated;

(h) any Portuguese Borrower ceases to be a subsidiary of the Portuguese Parent or the Portuguese Property Owner ceases to be owned by a subsidiary of the Portuguese Parent which has pledged the entire share capital of the Portuguese Property Owner to the Portuguese Facility Agent;

(i) any Portuguese Borrower makes a substantial change to the general nature of its business; and

(j) it becomes unlawful for any Portuguese Borrower or the Property Manager to perform its obligations under the Portuguese Finance Documents or a Portuguese Borrower repudiates or challenges the enforceability of a Portuguese Finance Document.

At any time after a Portuguese Event of Default has occurred which is continuing, the Portuguese Facility Agent may, and if so directed by the majority Lenders shall, do any of the following:

(a) declare that all or any part of the Portuguese Loan together with accrued interest and other all amounts outstanding under the Portuguese Finance Documents are either (i) immediately due and payable or (ii) due and payable on demand;

(b) take any step to enforce the Portuguese Related Security or to exercise any rights of the Portuguese Finance Parties under the Portuguese Finance Documents; or

(c) terminate the hedging arrangements in respect of the Portuguese Loan.

The Portuguese Related Security

The Portuguese Loan is secured by the following security interests, together constituting the Portuguese Related Security.

The Portuguese Deed of Mortgage

On 14 May 2003, the Portuguese Property Owner registered a mortgage of the Portuguese Property in favour of the Portuguese Security Trustee and JPMCB, pursuant to a deed of mortgage (the "**Portuguese Deed of Mortgage**"). The amount secured under the Portuguese Deed of Mortgage is €68,722,625 (which comprises €55,000,100 in respect of the principal, amount owed in respect of the Portuguese Loan; three years of interest at an annual rate of 5.15% plus 2% of penalty on late

payment and €1,925,004 towards other costs and expenses). The Portuguese Deed of Mortgage has been amended to secure the additional advance of funds made pursuant to the Portuguese Loan Amendment Agreement. The Portuguese Security Agreement (under which the parties undertook to create the mortgage over the Portuguese Property) provides that the mortgage has been provided in connection with the fulfilment of the obligation of the Portuguese Borrowers in respect of the Portuguese Loan.

The governing law of the Portuguese Deed of Mortgage is Portuguese law.

For further information about the enforcement of the Portuguese Deed of Mortgage, see "Certain Matters of Portuguese Law " at page 191.

The Portuguese Security Agreement

On 22 May 2003, the Portuguese Property Owner and the Portuguese Property Manager entered into a security agreement (the "**Portuguese Security Agreement**") pursuant to which they created a pledge in favour of the Portuguese Security Trustee and the Lender of (a) the credit of payments from tenants in respect of the Portuguese Property, (b) all the payments to the Portuguese Control Accounts, (c) all the payments to the Portuguese Property Management Account and (d) all shareholder loans and/or supplementary capital contributions, in each case as security for the proper fulfilment of all the present and future obligations assumed by the Portuguese Property Owner and the other Portuguese Borrowers.

The Portuguese Security Agreement is governed by Portuguese law.

For further information about the enforcement of the Portuguese Security Agreement, see "Certain Matters of Portuguese Law" at page 191.

The Portuguese Share Pledge

On 22 May 2003, the Original Portuguese Holdco Borrower and New Portuguese Holdco Borrower entered into a share pledge agreement (the "**Portuguese Share Pledge Agreement**") pursuant to which Original Portuguese Holdco Borrower created a pledge over the shares it held in the Portuguese Property Owner in favour of the Portuguese Security Trustee and the Originator to secure the proper fulfilment of all the present and future obligations of the Portuguese Property Owner and the other Portuguese Borrowers, including but not limited to the principal outstanding, interest accrued, late payment charges, commissions and the expenses related to the enforcement of the Portuguese Share Pledge.

The Original Portuguese Holdco Borrower also undertook in the Portuguese Share Pledge Agreement that the pledge over the shares in the Portuguese Property Owner will be first ranking security interest.

The Portuguese Share Pledge Agreement becomes enforceable upon the occurrence of a Portuguese Event of Default.

The Portuguese Share Pledge Agreement is governed by Portuguese law. Pursuant to Portuguese law, if securities are deposited outside of Portugal, the security created by the Portuguese Share Pledge Agreement will, as a matter of Portuguese law, be governed by the laws of the country in which the custodian of those securities is based.

In August 2003 the Original Portuguese Holdco Borrower sold its shares in the Portuguese Property Owner to the New Portuguese Holdco Borrower. Pursuant to the Portuguese Share Pledge Agreement, upon the transfer of the shares to the New Portuguese Holdco Borrower, the New Portuguese Holdco Borrower assumed all of the rights and obligations of the Original Portuguese Holdco Borrower under the Portuguese Share Pledge Agreement. As a condition precedent to the transfer of the shares, the New Portuguese Holdco Borrower granted a power of attorney to the Portuguese Security Trustee allowing it to sell the shares of the Portuguese Property Owner.

For further information in relation to the Portuguese Related Security and the enforcement thereof,

see the section headed "Certain Matters of Portuguese Law" at page 191.

Enforcement of the Portuguese Related Security

Under the terms of the Portuguese Credit Agreement, the Portuguese Security Trustee has undertaken a lending commitment (in an amount of €100) in order to allow it to enforce the Portuguese Related Security. The Portuguese Security will thus enforce the entirety of the Portuguese Related Security and will apply amounts realised not just to the debt owed to it but to the entirety of the debt owed under the Portuguese Credit Agreement.

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Italian Loan	Cut-Off Date Principal Balance:	€107,218,139
	% of Pool Balance:	26.4%

Supermarket in via Monti, Milan

Supermarket in via Talenti, Rome

Supermarket in Barzago (Lecco)

Italian Loan	Cut-Off Date Principal Balance:	€107,218,139
	% of Pool Balance:	26.4%

The Italian Loan and Property Summary

Italian Loan Information	
Original Principal Balance:	€107,218,139
Cut Off Date Loan Principal Balance:	€107,218,139
Loan Purpose:	Acquisition
Loan Closing Date:	07 August 2003
Loan First Payment Date:	15 November 2003
Amortisation:[(1)]	Yes
Loan Maturity Date:	14 August 2010
Scheduled Maturity Balance:[(2)]	€94,558,050
Extension Options(s):	None
Loan Payment Dates:[(3)]	February 15, May 15, August 14, November 15
Fixed/Floating Rate:	Floating
Borrower Hedging:	Yes (Swap and two Caps)
Swap Provider:	JPMorgan Chase Bank N.A.
Loan Reference Rate:	3 month EURIBOR
Loan Margin:	1.300 per cent.
Loan Interest Calculation:	Actual/360
Call Protection: [(4)]	Yes
Up-Front Reserves:	None
Ongoing Reserves: [(5)]	Yes

Italian Property Information	
Single Asset/Portfolio:	Portfolio
Property Type:	Retail
The Collateral:	Supermarkets leased to GS SpA
Number of Properties:	38
Location:	15 different Italian cities
Year Built/Renovated:	From mid '60s to 2001
Date and term of lease(s):	30 June 2015
Net Lettable Area:	96,372 sqm
Per cent. Leased:	100.0 per cent.
Freehold or Leasehold:	Freehold
Origination Valuation:	€145,030,000
Date of Valuation:	31 March 2005
Valuer:	REAG
Property Manager:	Asio Srl, Archon Group and First Atlantic Real Estate
Cut-Off Date Loan PSM:	€1,112.5
Cut-Off Date LTV:	73.9 per cent.
Maturity Date LTV: [(2)]	65.2 per cent.
Underwritten Net Cashflow:	€9,563,479
Underwritten DSCR:[(6)]	2.21x
Underwritten ICR:[(6)]	2.21x

(1) Through release price and LTV targets.
(2) According to LTV targets and assuming no assets sales.
(3) Or next Business Day.
(4) The first Italian Payment Date on which prepayments can be made without incurring prepayment fees is 15 August 2007.
(5) Cash trap in the following scenarios: a) Failure to meet the Loan to Initial Value Targets; b) Breach of the Loan to Open Market Value covenant (LTV after year 5 to be lower than 60%); c) Breach of the ICR covenant (ICR to be at least 1.80x).
(6) Each underwritten ratio is calculated including payments due under the hedging agreement.

The Italian Loan was made by the Originator to Alicentro 2 S.r.l. being the Italian Borrower, pursuant to a credit agreement dated 7 August 2003, being the Italian Credit Agreement. As at the Cut-Off Date, the Italian Loan had a principal amount outstanding of €107,218,139. The scheduled maturity date of the Italian Loan is 14 August 2010. The Italian Credit Agreement is governed by Italian law.

The Italian Loan is secured by, among other things, first ranking mortgages, created and perfected under Italian law, over a portfolio of 38 Properties, being the Italian Properties, located in Italy. At the time the Originator obtained the Italian Valuation Reports the market value of the Italian Properties was €145,030,000 in aggregate as at 31 March 2005.

On or about the date of the Italian Credit Agreement, the Italian Borrower, certain affiliates of the Italian Borrower and the Originator entered into certain security agreements (the "**Italian Security Agreements**") creating the Italian Related Security.

Italian Properties

Information regarding the tenant of the Italian Properties and a lease rollover schedule are provided in the tables below.

Italian Loan Tenants

One Tenant occupies the Italian Properties in their entirety as at the Cut-Off Date:

Tenant	S&P's credit rating	Moody's credit rating	Fitch credit rating	Net Lettable Area(SqM)	Passing rent	% of total passing rent	Passing rent per SqM	Time to First Break (years)	Time to Expiration (years)
GS SpA[(1)]	A+	A1	A+	96,732	10,403,531	100.0%	108.0	9.6	9.6
Total				96,732	10,403,531	100.0%	108.0	9.6	9.6

(1) Rating of the parent company.

Lease Rollover Schedule (Tenants' first break option)

The following table sets forth the lease rollover schedule as at the Cut-Off Date:

Year Ending 31 December	Number of leases rolling	Passing rent rolling	% of total passing rent rolling	Cumulative % of total passing rent rolling	Net Lettable Area (SqM)	% of total Net Lettable Area rolling	Cumulative % of total Net Lettable Area rolling
Vacant	n/a	0	0.0%	0.0%	0	0.0%	0.0%
2005	0	0	0.0%	0.0%	0	0.0%	0.0%
2006	0	0	0.0%	0.0%	0	0.0%	0.0%
2007	0	0	0.0%	0.0%	0	0.0%	0.0%
2008	0	0	0.0%	0.0%	0	0.0%	0.0%
2009	0	0	0.0%	0.0%	0	0.0%	0.0%
2010	0	0	0.0%	0.0%	0	0.0%	0.0%
2011	0	0	0.0%	0.0%	0	0.0%	0.0%
2012 and beyond	38	10,403,531	100.0%	100.0%	96,372	100.0%	100.0%
Total	38	10,403,531	100.0%	100.0%	96,372	100.0%	100.0%

The Italian Borrower

The Italian Borrower is a *societá a responsibilitata limitata* and as such has limited liability. It was incorporated in April 1990 and is registered in Italy with its registered office at Via Caldera 21 Milan. The Italian Borrower undertakes in the Italian Credit Agreement not to carry on any business other than that of owning, selling, managing and operating the Italian Properties. As such it is a Special Purpose Entity.

At the time the Italian Credit Agreement was executed, the quota capital of the Italian Borrower was wholly owned by Efira S.r.l ("**Efira**"). The quota capital of Efira was, in turn, wholly owned by Kalypso S.r.l. ("**Kalypso**") and the quota capital of Kalypso was wholly owned by a WH13/Forty-Seven B.V. (the "**Italian Parent**"), a private limited liability company incorporated in the Netherlands. As a result of mergers between the Italian Borrower and Efira and between Efira and Kalypso, the entire quota capital of the Italian Borrower is now wholly owned by the Italian Parent. In this section of the offering circular unless the context requires otherwise references to the Italian Borrower are to the entity formed by the merger of Efira, Kalypso and the original Alicentro 2 S.r.l.

Subordination

At the time of entering into the Italian Credit Agreement, the Italian Borrower entered into a mezzanine credit agreement (the "**Italian Mezzanine Credit Agreement**") with the Originator (in this capacity, the "**Italian Mezzanine Lender**" and together with the facility agent under the Italian Mezzanine Credit Agreement, the "**Italian Mezzanine Creditors**") under which the Originator advanced a mezzanine loan in the amount of €15,054,590. In addition, at the time of entering into the Italian Credit Agreement, the Italian Borrower either owed amounts to or anticipated borrowing amounts from the Italian Parent and certain other affiliates of the Borrower (together, the "**Italian Junior Creditors**"). The Originator has entered into a credit default swap transaction in respect of the Italian Mezzanine Credit Agreement with a financial institution that is not connected with JPMCB in order to obtain credit protection in respect of the Italian Mezzanine Debt.

In order to govern the order of priority of payments between the various creditors of the Italian Borrower, the Italian Junior Creditors, the Italian Mezzanine Lender, the Italian Borrower and, among others, the hedge counterparty in relation to the Italian Credit Agreement (the "**Italian Swap Provider**" and together with the Italian Facility Agent and the Lender under the Italian Credit Agreement, the "**Italian Senior Creditors**") entered into an intercreditor agreement (as amended, the "**Italian Intercreditor Agreement**").

The Italian Intercreditor Agreement provides in general that the outstanding debt of the Italian Borrower is ranked in the following order, both before and after enforcement:

(a) all outstanding liabilities (the "**Italian Senior Debt**") of the Italian Borrower under the Italian Credit Agreement and related finance documents (the "**Italian Senior Finance Documents**");

(b) all outstanding debt (the "**Italian Mezzanine Debt**") of the Italian Borrower under the Italian Mezzanine Credit Agreement and related finance documents (the "**Italian Mezzanine Finance Documents**" and together with the Italian Senior Finance Documents, the "**Italian Finance Documents**"); and

(c) the outstanding debt of the Italian Borrower to the other Italian Junior Creditors (which is not ranked by the Intercreditor Agreement as between those Italian Junior Creditors).

The Italian Mezzanine Creditors are not entitled to call an event of default under Italian Mezzanine Loan in the event that interest on the Italian Mezzanine Loan is not paid on an Italian Loan Payment Date.

However, notwithstanding this ranking of the various debts, the Italian Intercreditor Agreement also gives the Italian Mezzanine Creditors certain specific rights to receive payments and/or take decisions which may have an impact on the sums received by and the decision taking rights of the Italian Senior Creditors in certain circumstances. These are summarised below.

Subordinated Payments

The Italian Mezzanine Creditors are entitled to receive payments expressly permitted under the Italian Mezzanine Credit Agreement and the Italian Credit Agreement (as to which see the description of the Italian Accounts below) provided that the Italian Facility Agent has not served a notice suspending payments (a "**Suspension Notice**") and no Italian Senior Debt is due and unpaid (taking applicable cure periods into account).

A Suspension Notice can only be served if an Italian Event of Default is outstanding and will only remain in force until the earlier of:

(a) 180 days after receipt of the Suspension Notice;

(b) the date on which the Italian Event of Default in respect of which it is served is cured;

(c) the date on which the Italian Facility Agent cancels the notice; and

(d) the date on which all the Italian Senior Debt is repaid in full. No Suspension Notice may be served more than six months after the Italian Facility Agent has notice of an Italian Event of Default.

No Italian Junior Creditor may receive any amount prior to the date on which the Italian Senior Debt is discharged in full, except those amounts which it is permitted to receive in accordance with the Italian Credit Agreement and the Italian Mezzanine Credit Agreement, which are described further below.

Italian Mezzanine Cure Period and Italian Mezzanine Creditors' Rights

No Italian Senior Creditor may take any action against the Italian Borrower until the expiration of the relevant Italian Mezzanine Creditors Cure Period. The "**Italian Mezzanine Creditors Cure Period**" is a period of five business days if the Italian Event of Default is non-payment of an amount exceeding €10,000,000 or 15 business days for any other Italian Event of Default. The Italian Mezzanine Creditors Cure Period is zero business days if either:

(a) five separate Italian Events of Default have occurred; or

(b) two separate Italian Events of Default have occurred in a twelve month period. The purpose of the Italian Mezzanine Creditors Cure Period is to provide the Italian Mezzanine Creditor with an ability to cure an Italian Event of Default prior to enforcement action being taken by the Italian Senior Creditors.

In general, no Italian Mezzanine Creditor may take any action against the Italian Borrower if the Italian Facility Agent is exercising its rights under an Italian Security Document unless, in relation to the Italian Mezzanine Creditors:

(a) prior to the discharge of the Italian Senior Debt, 90 days has elapsed since the occurrence of an event of default under the Italian Mezzanine Credit Agreement; or

(b) payment of the Italian Senior Debt has been accelerated under the Italian Credit Agreement; or

(c) the proposed action is to be taken against an insolvent company.

In addition, the Italian Mezzanine Creditors may bring proceedings for injunctive relief to restrain any actual or putative breach of the Italian Mezzanine Finance Documents or for specific performance without damages if to do so would not conflict with the Italian Mezzanine Finance Documents and the Italian Intercreditor Agreement.

Reasonable economic interests

The Italian Senior Creditors must take into account reasonable economic interests of all of the Italian Senior Creditors, the Italian Mezzanine Creditors and the Italian Junior Creditors (together, the "**Italian Creditors**") in any enforcement action which it might contemplate taking in relation to the Italian Loan.

Mezzanine purchase option

If an Italian Event of Default has occurred and is continuing, the facility agent under the Italian Mezzanine Credit Agreement may elect that the Italian Mezzanine Creditors or another person purchases the Italian Senior Debt.

Any such purchase can only take place if:

(a) the Italian Mezzanine Creditors pay the Italian Senior Creditors the outstanding principal amount of the Italian Senior Debt and all accrued but unpaid interest excluding all fees and costs, default interest, break and funding costs incurred as a result of the transfer and not

paid by the Italian Borrower or its affiliates but including all transfer tax, stamp duty and registration costs,

(b) no Italian Senior Creditor will be under any actual or contingent liability to the Italian Borrower or any other person under an Italian Finance Document, for which it is not holding cash collateral; and

(c) each Italian Mezzanine Creditor provides an indemnity in respect of any loss or liability which may be incurred by any Italian Senior Creditor in consequence of any sum received by any Italian Senior Creditor from an Italian Borrower or Italian Junior Creditor which may be paid back or which is clawed back.

The Italian Senior Creditor will be required to give limited warranties in relation to any such purchase. The right that the Italian Mezzanine Creditor has to purchase the Italian Senior Debt prevents the Italian Senior Creditors from taking, or continuing to take enforcement action after the occurrence of an Italian Event of Default.

Amendments and waivers

The Italian Intercreditor Agreement provides that certain amendments or waivers under the Italian Credit Agreement cannot be given without the consent of all the Italian Creditors. These include, but are not limited to, material amendments relating to an increase in principal outstanding or imposition of a new obligation to pay principal, a payment being required to be paid more frequently than currently provided for, any change to the basis upon which a payment is calculated, any change to the ranking and subordination provisions and any change to the enforcement rights of the creditors.

Amendments which would result in a deferral of any scheduled repayment of any Italian Senior Debt to a date falling on or before the first anniversary of the scheduled maturity date or which would constitute a roll-up or capitalisation of interest, fees or expenses, are expressly excluded and could be agreed by the Italian Senior Creditors without the consent of the Italian Junior Creditors and the Italian Mezzanine Creditors.

For further information about certain legal considerations relating to the Italian Intercreditor Agreement see "Certain Matters of Italian Law" at page 196.

Principal Amount of the Italian Loan

The Italian Loan was drawn down on 7 August 2003. The principal amount drawn was €107,218,139 (the "**Initial Allocated Loan Amount**"). No amounts were retained by the Originator at the time of drawdown.

As at the Cut-Off Date, the aggregate principal amount outstanding in respect of the Italian Loan is €107,218,139.

Purpose of the Italian Loan

The Originator made the Italian Loan to the Italian Borrower for the purpose of enabling it to repay the Vendor Loan and to pay Borrower Transaction Costs. The "**Vendor Loan**" was an amount owed by the Italian Borrower to the Generali Supermercati S.p.A., being the vendor of the Italian properties being €107,218,139. The "**Borrower Transaction Costs**" were certain fees, costs, expenses etc. incurred by the Borrower incurred in connection with the Vendor Loan.

Payment of Interest on the Italian Loan

The Italian Borrower is, under the terms of the Italian Credit Agreement, required to pay interest on the Italian Loan in arrear on 15 February, 15 May, 14 August and 15 November in each year or if such a date is not a business day, on the next business day immediately thereafter in the same month (if there is one) or the immediately preceding business day (if there is not) (each such date, an "**Italian Payment Date**" and together with each of the Netherlands Payment Dates and the Portuguese Payment Date, a "**Loan Payment Date**"). The rate of interest applicable to the Italian Loan is 3 month

EURIBOR plus a margin plus mandatory costs.

Pursuant to the Italian Credit Agreement, the Italian Borrower agreed a hedging strategy for the duration of the Italian Loan pursuant to which it has entered into an interest rate swap transaction and interest rate caps (together the "**Italian Hedging Arrangements**" and together with the Netherlands Hedging Arrangements and the Portuguese Hedging Arrangements, the "**Loan Hedging Arrangements**") to protect itself against the risk of an adverse change in the floating rate of interest payable in respect of the Italian Loan above a certain rate.

Repayment of Principal in respect of the Italian Loan

The Italian Borrower is required to repay the principal amount outstanding of the Italian Loan in instalments under certain circumstances. Rather than there being a predetermined schedule of repayments, however, the LTV of the loan is tested on a quarterly basis, on each Italian Payment Date, by reference to the Origination Valuation obtained in respect of the Italian Loan. If the LTV targets prescribed under the Italian Credit Agreement in respect of each Italian Payment Date are not met, the Italian Facility Agent is authorised to apply any excess cashflow generated by the Italian Properties to repay the Italian Loan in part until the prescribed LTV targets are met.

In addition, the Italian Borrower:

(a) may, under certain circumstances, make voluntary prepayments, in full or in part of the principal amount outstanding of the Italian Loan; and

(b) must, under certain circumstances, make mandatory prepayments, in full or in part of the principal amount outstanding of the Italian Loan.

The Italian Borrower may prepay the Italian Loan in whole or in part provided that the minimum amount of any prepayment is €500,000 and integral multiples of €100,000. Voluntary prepayment may be made at any time on notice, subject to the payment of break costs and prepayment fees prescribed by the Italian Credit Agreement. Break costs, in the context of the Italian Credit Agreement, means the amount (if any) which a Lender is entitled to receive under the Italian Credit Agreement as compensation if any part of the Italian Loan or overdue amount is voluntarily repaid or prepaid. In addition, prior to August 2007, if the aggregate of all amounts applied in pre-payment of the Italian Loan (other than as a result of illegality, and, in certain circumstances, increased cost or tax) exceeds certain specified amounts a fee will be payable on such excess.

The Italian Borrower is required to mandatorily prepay to the Italian Loan if it becomes unlawful for the Lender to perform its obligations or fund the Italian Loan, in the event that there is a change of ownership at the sponsor but, in the event of a permitted disposal of any of the Italian Properties, in the event of certain claims (such as insurance claims) being made in respect of the Italian Properties and in the event that the original purchase price paid in relation to the Italian Properties was adjusted.

Tax Gross Up obligations under the Italian Loan

The Italian Borrower covenants, under the terms of the Italian Credit Agreement, to make all payments due in respect of the Italian Loan without deduction for or on account of tax, unless such deduction is required by law.

In the case of the deductions referred to above and any other deductions required by law, the Italian Borrower is required to increase the payments due from it under the Italian Credit Agreement by an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

Bank Accounts relating to the Italian Loan

The Italian Credit Agreement requires the Italian Borrower to maintain a number of bank accounts. These are:

(a) a rent account (the "**Italian Rent Account**");

(b) an excess cash blocked account (the "**Italian Excess Cash Blocked Account**");

(c) a disposals blocked account (the "**Italian Disposals Blocked Account**");

(d) an expenses account (the "**Italian Expenses Account**");

(e) a cash management account (the "**Italian General Account**"),

(f) a "B" property account (the "**Italian B Property Account**"); and

(g) a prepayment blocked account (the "**Italian Prepayment Account**"),

(together the "**Italian Accounts**" and each on "**Italian Account**". Each of the Italian Accounts are held with JPMorgan Chase Bank, N.A. (other than the Italian General Account and the Italian Expenses Account which are held with Banca Intesa).

Cash-flows into and out of the Italian Rent Account

All Rental Income and VAT paid in relation to the Italian Properties is collected into the Italian Rent Account.

On each Italian Payment Date, the Italian Facility Agent will apply all amounts standing to the credit of the Italian Rent Account in or towards payment of all amounts owed to the Italian Senior Creditors and to the Italian Mezzanine Creditors. Thereafter:

(a) if there is no Italian Event of Default outstanding, there is no breach of the financial covenants described in "Financial Undertakings under the Italian Credit Agreement" below and no repayment of principal is required to be made on such Italian Payment Date, all of the remaining amounts standing to the credit of the Italian Rent Account may, subject to certain additional restrictions, be applied towards making payments to the Italian Junior Creditors; and

(b) if there is an outstanding breach of the financial covenants described in "Financial Undertakings under the Italian Credit Agreement" below or repayment of principal is required to be made (each such circumstance an "**Italian Excess Cash Transfer Event**"), all of the remaining amounts standing to the credit of the Italian Rent Account will be transferred to the Italian Excess Cash Blocked Account.

The Italian Excess Cash Blocked Account is thus used to collect excess available cashflow in circumstances where financial covenant compliance has not been achieved, as is described in further detail below.

If there is no Italian Event of Default Outstanding and satisfactory certification has been delivered to the Italian Facility Agent, the Italian Borrower may require the Italian Facility Agent to transfer from the Italian Rent Account to the Italian General Account an amount equal to any VAT it is required to pay to the Italian tax authorities in respect of Rental Income.

The Italian Borrower may withdraw amounts from the Italian Rent Account to pay certain amounts including but not limited to amounts due under the Italian Finance Documents, prepayments under the Italian Finance Documents, fees and expenses of service providers, amounts due under occupational leases, taxes, insurance premia, capital expenditure which is required under the terms of the occupational leases but is not intended to increase the value of the relevant Property, amounts funded by equity injections or subordinated loans and certain other amounts agreed by the Italian Facility Agent (together, the "**Italian Authorised Withdrawals**") provided that:

(a) no such Italian Authorised Withdrawal may be made if an Italian Event of Default has occurred and is continuing;

(b) following such withdrawal there are insufficient sums in the Italian Rent Account to meet the Issuer's obligations to the Italian Senior Creditors and the Italian Mezzanine Creditors on the next Italian Payment Date; and

(c) the Italian Borrower provides documentary evidence certifying the purpose of the withdrawal and its application.

Controls over the Italian Rent Account

Prior to the occurrence of an Italian Event of Default, the Italian Borrower has signing rights in relation to the Italian Rent Account and the Italian Facility Agent is irrevocably and unconditionally authorised by the Italian Borrower to apply the amount standing to the credit of the Italian Rent Account to pay any amount owed to any Finance Parties. If an Italian Event of Default occurs and is continuing, the Italian Facility Agent may give notice that no withdrawals may occur without its consent.

Cash-flows into and from the Italian Disposals Blocked Account

On the completion of any disposal of an Italian Property, the Italian Borrower must procure that the consideration received by it in respect of such disposal is paid into the Italian Disposals Blocked Account.

Immediately following such completion, the Italian Facility Agent shall:

(a) transfer all amounts required to be applied in prepayment of the Italian Loan, in accordance with the terms of the Italian Credit Agreement, to the Italian Prepayment Account or at the request of the Italian Borrower, directly towards prepayment of the Italian Loan;

(b) to transfer an amount equal to the release price required to be paid under the terms of the Italian Mezzanine Credit Agreement to the Italian B Property Account; and

(c) to transfer any excess to the Italian General Account or if an Italian Excess Cash Transfer Event has occurred, to the Italian Excess Cash Blocked Account.

Controls over the Italian Disposals Blocked Account

The Italian Borrower irrevocably and unconditionally authorises the Italian Facility Agent to make the withdrawals specified in "Cashflow into and from the Italian Disposals Blocked Account" above. No amounts may be withdrawn from the Disposal Blocked Account other than in accordance with the Italian Loan Agreement.

Cash-flows into and from the Italian General Account

The Italian Borrower may apply amounts standing to the credit of the Italian General Account: (a) to the Italian Expenses Account, in order to meet expenses and (b) to make payments in the ordinary course of its trade to the extent such payments are not restricted by the terms of the Italian Finance Documents including the restrictions on making payments to the Italian Junior Creditors. However, if an Italian Excess Transfer Event has occurred, as described above, the Italian Borrower shall transfer all amounts standing to the credit of the Italian General Account to the Italian Excess Cash Blocked Account.

Controls over Italian General Account

The Italian Borrower has signing rights in respect of the Italian General Account. However, the Italian Borrower must make any transfer from the Italian General Account required to be made to the Italian Excess Cash Blocked Account following the occurrence of an Italian Excess Cash Transfer Event.

Cash-flows into and from the Italian Excess Cash Blocked Account

If an Italian Excess Cash Transfer Event has occurred, all amounts then standing to the credit of the Italian Rent Account, the Italian Disposals Blocked Account, the Italian General Account and the Italian Expenses Account, will be transferred by the Italian Facility Agent to the Italian Excess Cash Blocked Account.

For so long as the Italian Excess Cash Transfer Event has not been cured, no amount may be withdrawn from the Italian Excess Cash Blocked Account unless it is applied to repay the Italian Loan or, so long as no Italian Event of Default is continuing, it is an Italian Authorised Withdrawal.

If no Italian Event of Default is continuing and the applicable Italian Excess Cash Transfer Event has been cured, the Italian Facility Agent is required to transfer the amounts standing to the credit of the Italian Excess Cash Blocked Account to the Italian General Account.

Controls over the Italian Excess Cash Blocked Account

The Italian Facility Agent has signing rights in respect of the Italian Excess Cash Blocked Account.

Cash-flows into and from the Italian Expenses Account

The Italian Borrower may transfer amounts standing to the credit of the Italian General Account to the Italian Expenses Account.

If there is no Italian Event of Default or Italian Excess Cash Transfer Event outstanding, the Italian Borrower can withdraw sums standing to the credit of the Italian Expenses Account to make payments in the ordinary course of its trade to the extent such payments are not restricted by the terms of the Italian Finance Documents including the restrictions on making payments due to Italian Junior Creditors.

If an Italian Excess Cash Transfer Event occurs and for so long as it remains uncured, the Italian Facility Agent shall transfer all amounts standing to the credit of the Italian Expenses Account to the Italian Excess Cash Blocked Account.

Controls over the Italian Expenses Account

Prior to the occurrence of an Excess Cash Transfer Event, the Italian Borrower controls withdrawals from the Italian Expenses Account.

Cash-flows into and from the Italian B Property Account

The Italian Facility Agent will apply disposal proceeds standing to the credit of the Italian Disposals Blocked Account to the Italian B Property Account after paying all amounts of such disposal proceeds required to be paid towards repayment of the Italian Loan in accordance with the terms of the Italian Credit Agreement. Any amounts which are paid into the Italian B Property Account will not, in the ordinary course, be used to service the Italian Loan but may be used by the Borrower for the payment of dividends or for making distributions to its quotaholder subject to the controls described below.

Controls over the Italian B Property Account

The Italian Facility Agent must give prior written consent to any withdrawal by the Italian Borrower of any amounts standing to the credit of the Italian B Property Account for the payment of dividends or making of distributions to its quotaholder.

Cash-flows into and from the Italian Prepayment Account

The Italian Facility Agent will transfer those disposal proceeds standing to the credit of the Italian Disposals Blocked Account which are required to be paid towards prepayment of the Italian Loan to the Italian Prepayment Account as well as certain amounts which give rise to an obligation, under the

terms of the Italian Credit Agreement, to make mandatory prepayment in respect of the Italian Loan. Amounts standing to the credit of the Italian Prepayment Account are to be applied in accordance with the terms of the Italian Credit Agreement towards prepayment of the Italian Loan and payment of any associated fees and costs.

Representations and Warranties under the Italian Loan

The Italian Credit Agreement contains various representations and warranties made by the Italian Borrower and each of the guarantors of the obligations of the Italian Borrower, being Kalypso S.r.l. and Efira S.r.l. (together with the Italian Borrower, each an "**Italian Obligor**" and together the "**Italian Obligors**"). These representations were given on the date of the Italian Credit Agreement and certain of them are deemed to have been repeated on certain dates including, the date of each drawdown request, the utilisation date, each Italian Payment Date and the closing date by reference to the facts and circumstances then existing.

The representations and warranties contained in the Italian Credit Agreement include the following:

(a) each Italian Obligor is a limited liability company and each of them is duly incorporated and validly existing under the laws of the Republic of Italy;

(b) each of the Italian Obligors has the power to enter into, each Italian Finance Document to which it is a party and perform its obligations thereunder;

(c) no Italian Event of Default is continuing or would occur as a result of making the Italian Loan;

(d) all information supplied by or on behalf of the Italian Obligors to the Lender in connection with the Italian Finance Documents was complete and accurate in all material respects;

(e) the Italian Borrower is the sole and exclusive owner of, and has good and valid title to the Italian Properties;

(f) each Italian Obligor (other than the Italian Borrower) is the legal owner of any *quotas* and/or shares which it purports to pledge pursuant to any of the Italian Security Agreements and such *quotas* are all duly authorised, validly issued and fully paid up and are pledged by way of first ranking charge and are not subject to any prior *pari passu* security interest or any option to purchase or similar rights other than any permitted security interest and any right to repurchase, right of first refusal, pre-emption right, option or similar right under the purchase document and the occupational leases and such security agreements create valid and effective security interests; and

(g) neither Kalypso S.r.l. nor Efira S.r.l. have traded or carried on any business since their incorporation or formation.

Undertakings under the Italian Loan

Each of the Italian Obligors gives various undertakings in the Italian Credit Agreement. The undertakings include the following:

(a) to provide in respect of the obligor group in each year, audited and unaudited financial statements, business plan projections of the group and compliance certificates in respect of each quarter;

(b) to notify the Italian Facility Agent of the occurrence of any Italian Event of Default and any steps being taken to remedy the same;

(c) no member of the obligor group shall create any security over any part of its assets other than permitted security;

(d) the Italian Borrower shall at all times comply with its obligations in all material respects under the occupational leases;

(e) no member of the obligor group will enter into any transaction or series of transactions, whether related or not, to dispose of all or any part of its assets, other than permitted disposals;

(f) except for any hedging arrangements contemplated under the Italian Credit Agreement, no member of the obligor group will enter into any interest rate or currency swap, cap, ceiling, collar, floor or financial futures or commodity contract or option or any similar treasury or hedging transaction of a speculative nature;

(g) no member of the obligor group will be the creditor in respect of any financial indebtedness other than permitted indebtedness;

(h) each member of the obligor group shall manage and maintain the Italian Properties (or procure such management and maintenance) in accordance with the standard of a properly qualified property manager; and

(i) (i) each member of the obligor group must ensure that it is compliant with all environmental laws and environmental approvals applicable to it (provided that if the principal tenant is under an obligation under the purchase documents or the occupational leases to effect and pay for the works necessary to ensure such compliance, the principal tenant may effect such works within six months of the date on which such works are required to be paid for) (ii) the Italian Borrower must indemnify each Italian Finance Party for any loss or liability which it incurs as a result of a breach of environmental law which would not have arisen but for its entry into the Italian Finance Documents and (iii) each member of the obligor group shall promptly take any step necessary to cure any continuing breach of environmental law including but not limited to entering into insurance policies to cover environmental risk.

Insurance undertakings under the Italian Credit Agreement

Each of the Italian Obligors undertakes to maintain all risks insurance in respect of its business and each Italian Property which covers acts of terrorism, which in respect of all losses other than terrorism provides for 100% cover for three years' loss of rent and which, in addition to the above, provides cover for all other risks customary for companies carrying on a similar business to that of the Italian Borrower.

Each of the Italian Obligors undertakes to procure that the insurance policies relating to the Italian Properties (other than policies issued for the benefit of third parties) will provide for a loss payee clause (*Atto di vincolo su contratti assicurativi & polizze*) in a form and substance satisfactory to the Italian Facility Agent.

Each insurer of the Italian Properties must, under the terms of the Italian Credit Agreement, have a long term credit rating of not less than "A" by S&P, "A2" by Moody's and "A" by Fitch and in respect of terrorism cover, must be Lloyds insurance. The insurers are currently CHUBB Insurance Company of Europe and Ace Insurance S.A.–N.V.

The policies of insurance that were in place when the Italian Loan was originated contained various limitations on liability and various exclusions.

Financial Undertakings under the Italian Credit Agreement

The Italian Borrower will ensure that the Italian Loan shall not at any time after the date falling 5 years after the closing date exceed 60 per cent. of the open market value of the Italian Properties, determined in accordance with the most recent valuation.

The Italian Borrower shall ensure that the interest cover ratio on each test date for the three month period immediately preceding such test date shall not be less than 1.80.

Gross Up obligations under the Italian Loan

The Italian Borrower covenants, under the terms of the Italian Credit Agreement, to make all payments due in respect of the Italian Loan without deduction, unless deduction is required by law.

In the case of the deductions referred to above and any other deductions required by law, the Italian Borrower is required to increase the payments due from it under the Italian Credit Agreement by an amount which (after making any tax deduction) leaves an amount equal to the payment which would have been due if no tax deduction had been required.

Events of Default under the Italian Loan

The Italian Credit Agreement contains various events of default (each an "**Italian Event of Default**" and any of an Italian Event of Default, a Portuguese Event of Default and a Netherland Event of Default, the "**Loan Event of Default**") entitling the Lender or the Italian Facility Agent to demand immediate payment of all amounts owing under the Italian Credit Agreement. The Italian Events of Default include (subject to applicable grace periods and materiality thresholds) the following:

(a) an Italian Obligor does not pay on the Italian Payment Date any amount payable pursuant to an Italian finance document;

(b) breach by an Italian Obligor of other obligations under the Italian finance documents;

(c) any representation, warranty or statement made or deemed to be made by an Italian Obligor in the Italian finance documents is or proves to have been incorrect or misleading in any respect when made or deemed to be made;

(d) the Italian Properties are destroyed or damaged in a manner that is not fully insured against;

(e) any member of the group is insolvent or unable to pay its debts or subject to certain other insolvency related events;

(g) any financial indebtedness of any member of the group is not paid when due (or within any applicable grace period) or is eligible to be accelerated;

(h) any member of the group ceases or threatens to cease to carry on a substantial part of its business; and

(j) it becomes unlawful for any member of the group to perform any of its material obligations under the Italian finance documents.

At any time after an Italian Event of Default has occurred which is outstanding following the expiry of applicable grace periods, the Italian Facility Agent may, and if so directed by the majority Lenders must:

(a) declare that an Italian Event of Default has occurred; and/or

(b) rescind the Italian Credit Agreement; and/or

(c) accelerate the payment obligations of the Italian Borrower; and/or

(d) if the Italian Event of Default can be ascribed to the Italian Borrower and did not arise as a result of breach of an Italian finance document other than the Italian Credit Agreement, terminate the Italian Credit Agreement in accordance with Article 1456 of the Italian Civil Code; and/or

(e) if the Italian Event of Default can be ascribed to the Italian Borrower, terminate the Italian Credit Agreement in accordance with article 1453 of the Italian Civil Code.

If the Italian Facility Agent rescinds, accelerates or terminates the Italian Credit Agreement for any of the above reasons, the amounts then outstanding under the Italian Credit Agreement will be immediately due and payable, together with all other amounts payable by the Italian Borrower to the Italian Finance Parties.

The Italian Related Security

The Italian Loan is secured by a number of security interests together constituting the Italian Related Security.

The Italian Deed of Mortgage

Pursuant to a deed of mortgage dated 7 August, 2003, the Italian Borrower created mortgages (*ipoteca*) (the "**Italian Deed of Mortgage**") in favour of the Originator over the Italian Properties. The amount secured by the Italian Deed of Mortgage over the Italian Properties is €268,045,347 comprising €107,218,139 in respect of principal and €160,827,208 in respect of interest, expenses and fees in respect of the Italian Loan. The mortgage created by the Italian Deed of Mortgage is first ranking except in relation to certain Italian Properties in respect of which prior charges existed at the time when the mortgage was created, which have already been released, are in the process of being released or relate to financing arrangements that have been discharged.

The security created by the Italian Deed of Mortgage is enforceable:

(a) if an Italian Event of Default has occurred and the Italian Facility Agent has notified the Borrower that it will accelerate the Italian Loan; or

(b) on the occurrence of an Italian Event of Default relating to the insolvency of the Italian Borrower.

The governing law of the Italian Deed of Mortgage is Italian Law.

The Italian Receivables Assignment Agreements

On 7 August, 2003, the Italian Borrower assigned by way of security in favour of the Originator:

(a) pursuant to an agreement for the assignment of lease receivables (*Atto di cessione di crediti*) (the "**Italian Lease Receivables Assignment Agreement**"), the receivables arising from lease agreements between the Italian Borrower and Generali Supermercati S.p.a over the Property;

(b) pursuant to an agreement for the assignment of purchase receivables (*Atto di cessione di crediti*) (the "**Italian Purchase Receivables Assignment Agreement**"), the receivables arising from purchase documents between the Italian Borrower, the Originator and the Italian Facility Agent; and

(c) pursuant to an agreement for assignment of receivables relating to property management contracts (*Atto di cessione di crediti*) (the "**Italian Property Management Receivables Assignment Agreement**" and together with the Italian Lease Receivables Assignment Agreement and the Italian Purchase Receivables Assignment Agreement, the "**Italian Receivables Assignment Agreements**"), the receivables arising from the management agreements between the Italian Borrower and the Originator and Italian Facility Agent.

The amount secured by the assignments created under the Italian Receivables Assignment Agreements is not expressly stated in monetary terms in the Italian Receivables Assignment Agreements, however, each of the assignments secure any amount related to the monetary obligations of the Italian Borrower arising from the Italian Credit Agreement.

The Italian Borrower warrants in each Italian Receivables Assignment Agreement that the security granted by it under the Italian Receivables Assignment Agreements is first ranking and that it has not assigned the relevant receivables to any other person.

The security created by the Italian Receivables Assignments becomes enforceable:

(a) if an Italian Event of Default has occurred and the Italian Facility Agent has notified the Italian Borrower that it will accelerate the Italian Loan; or

(b) on the occurrence of an Italian Event of Default relating to the insolvency of the Italian Borrower.

The governing law of the each of the Italian Receivables Assignment Agreements is Italian law.

The Italian Quota Pledge

On 7 August 2003, the then parent companies of the Italian Borrower entered into various pledges pursuant to which pledges over their ownership interests in the Italian Borrower and/or affiliates of the Italian Borrower were granted in favour of the Lender and the Italian Facility Agent. As a result of the Italian corporate re-organisation the only such pledge still existing is the pledge (the "**Italian Quota Pledge**") of the quotas held by WH13/Forty-Seven B.V in the Italian Borrower created pursuant to a written agreement (the "**Italian Quota Pledge Agreement**") (*Atto di pegno di quote*).

The amount secured under the Italian Quota Pledge is not expressly stated in monetary terms in the Italian Quota Pledge, however, the Italian Quota Pledge secures any amount related to the monetary obligations of the Italian Borrower arising from the Italian Credit Agreement.

The security created by the Italian Quota Pledge becomes enforceable:

(a) if an Italian Event of Default has occurred and the Italian Facility Agent has notified the Italian Borrower that it will accelerate the Italian Loan; or

(b) on the occurrence of an Italian Event of Default relating to the insolvency of the Italian Borrower.

The security created under the Italian Quota Pledge is first ranking and fully perfected. The governing law of the security created under the Italian Quota Pledge is Italian law.

The Italian Accounts Pledge

On 7 August 2003, the Italian Borrower entered into a pledge agreement (the "**Italian Accounts Pledge**") pursuant to which it granted a pledge of all the Italian Accounts in favour of the Originator and the Italian Facility Agent (the "**Italian Accounts Pledge Agreement**") (*Atto di pegno su conto corrente*).

The amount secured by the Italian Accounts Pledge is not expressly stated in monetary terms in the Italian Accounts Pledge, however, the Italian Accounts Pledge secures any amount related to the monetary obligations of the Italian Borrower arising from the Italian Credit Agreement.

The Italian Accounts Pledge is effective to create security over amounts standing to the credit of the Italian Accounts on the date of its creation. Security over amounts received in the Italian Accounts after that date is only effective upon the delivery of a notice to the Italian Account Bank which notice the Italian Borrower has undertaken to deliver on a regular basis.

The security created by the Italian Accounts Pledge becomes enforceable:

(a) if an Italian Event of Default has occurred and the Italian Facility Agent has notified the Italian Borrower that it will accelerate the Italian Loan; or

(b) on the occurrence of an Italian Event of Default relating to the insolvency of the Italian Borrower.

The Italian Bank Accounts Pledge is governed by Italian law.

For further information about the enforcement of the Italian Related Security, see "Certain matters of Italian Law" at page 196.

CERTAIN MATTERS OF NETHERLANDS LAW

Introduction

The Netherlands Loans are secured by commercial properties located in the Netherlands, pursuant to security interests created and perfected under Netherlands law and the borrowers in respect of the Netherlands Loans are entities organised under Netherlands law. As such, the laws of the Netherlands will impact upon the process by which the Netherlands Related Security is enforced. Further, the laws of the Netherlands will determine how the insolvency of the Netherlands Borrowers will affect the enforcement of the Netherlands Related Security and the extraction of value from the Netherlands Related Security.

Enforcement of Mortgages and pledges over moveable assets and shares under Netherlands Law

Under Netherlands law, the enforcement of a mortgage over real property is, as a general rule, effected by way of a public auction undertaken before a civil law notary. The mortgagee is obliged to notify the mortgagor and any other persons who may be involved, of the fact that it wishes to enforce the mortgage by way of a public auction. Following this notification, the notary will proceed to set the date, time and place of the auction, at which the mortgaged property will be sold to the highest bidder.

From a timing perspective, there are certain relevant limitations to take into account under Netherlands law in respect of the foreclosure procedure of a right of mortgage over real property. In addition to the possible mandatory "cool-off" period, which is described further below, the following periods apply which cannot be waived: It is common practice in the Netherlands that a foreclosure procedure is organised and managed by a Netherlands civil law notary, in front of whom the property or properties will then also be transferred. Under Netherlands law this transfer can only occur by notarial deed. Prior to a public sale, a notice will have to be sent announcing the foreclosure sale to the security provider and any other security holders. This notice has to be sent by a court bailiff, containing the proposed date of the public sale, the amount of the outstanding secured obligations and the name of the notary who organises the public sale. There must be a period of 30 days between the proposed date of the public sale and the date of the notice. In practice, this period will take 6 to 8 weeks. In this period either the pledgee or the pledgor could request the Netherlands preliminary relief judge to approve a private sale of the mortgaged property. If such request is rejected a new date for the public foreclosure sale will have to be set within a period of 14 days. This would however cause a further delay. If there is furthermore a dispute in respect of the application of the foreclosure proceeds, further delays could occur due to the fact that in that case, as with respect to the allocation of foreclosure proceeds of rights of pledge, a statutory allocation procedure will have to be followed.

The enforcement of a pledge over moveable property and shares is also brought about by the pledgee selling them, usually in a public auction. However, in relation to the shares of private companies, it is unlikely that the public auction route would be adopted, firstly because there is generally no market for such shares and secondly because such an auction could constitute an offering of securities leading to a violation of Section 3(1) of the Act on the Supervision of Securities Trade (described in the Dutch language as *wet toezicht effectenverkerr*, 1995) which prohibits an offer of securities in or from the Netherlands beyond a restricted circle, or the announcement of such an offer by means of advertisements or other documents.

The sale may only take the form of a private sale with the prior approval of a preliminary relief judge. When asking the preliminary relief judge's approval the security holder will have to make clear that a private sale would result in higher foreclosure proceeds than a public sale and that there are no other parties who are likely to offer a better price under similar conditions. The court approval is discretionary but is likely to be granted if the proceeds of the private sale are likely to be higher than the proceeds that would have been received if the assets were sold at a public auction.

In respect of rights of pledge, it is furthermore possible that the pledgor and the pledgee agree to an alternative foreclosure procedure after the rights of the pledge have become enforceable.

In respect of rights of pledge over shares in a Netherlands B.V. (a *besloten vennootschap*), the articles of association of these companies will have to contain a mandatory "blocking clause" in respect of a sale of the shares in its capital. In the case of the Netherlands Borrowers that are companies of this type, the blocking clause in its articles requires the prior written consent of the general meeting of shareholders for any transfer. A pledgor, however, as provided by statute or in a company's articles of association, will have the right to exercise these consent rights on behalf of the general meeting of shareholders. The Netherlands Security Trustees will therefore also have to comply with obligations in this respect pursuant to the articles of association.

In relation to enforcement of the Netherlands Security Agreements generally, we also refer to the section headed "Enforcement Restrictions" in the section of this offering circular headed "Risk Factors".

Limitations in respect of the conditional transfer of voting rights in respect of pledged shares

The Netherlands Security Agreements provide for a transfer of the voting rights in respect of the shares subject to pledges governed by Netherlands Law to the relevant Netherlands Security Trustee on the occurrence of certain conditions such as events of default.

Although there is broad support in Netherlands legal literature that a conditional transfer of voting rights and any approval thereof by the general meeting of shareholders of the company which shares are being pledged is valid and effective, this is not entirely certain as a result of Sections 2:198 and 2:195 of the Netherlands Civil Code and the provision of Netherlands law that any such approval granted for the transfer of voting rights is only valid for three months. There is thus a risk that upon occurrence of an event of default the relevant Netherlands Security Trustee will not be able to exercise the voting rights on the pledged shares.

Enforcement of Pledges on Receivables under Netherlands Law

Under Netherlands law, a pledge of receivables (including, in the context of the Netherlands Loans, rental receivables arising under occupational leases) may take one of two forms:

(a) a disclosed right of pledge (described as *openbaar pandrecht*), which is, as the terminology suggests, a pledge which is notified to the underlying debtor); or

(b) an undisclosed right of pledge (described as *stil pandrecht*), which is, as the terminology suggests, a pledge which is not notified to the underlying debtor.

For an undisclosed right of pledge, registration of the pledge is required with the Division, Large Enterprises of the Tax Authorities in the Netherlands, for the purposes of establishing the priority of the pledge.

A pledge of receivables is only effective if the pledgor has the power to dispose of the receivables at the time they are acquired. This limits the ability of a debtor to pledge receivables arising in the future if the debtor becomes subject to an insolvency prior to the receivables actually arising, since at that time, the debtor will not have the right to dispose of the receivables.

Rights of pledge on receivables can be foreclosed upon under Netherlands law by way of collection (*inning*) of the related payment either through:

(a) in respect of undisclosed rights of pledge, a notification of the account debtor of these receivables of such rights of pledge; or

(b) in respect of disclosed rights of pledge, termination of the authorisation that may have been given by the pledgee to the pledgor to collect payment of these rights and receivables,

after which the account debtor can only discharge its obligations by paying to or to the order of the pledgee. Under Netherlands law only the highest ranking security holder will have this collection right.

An alternative way to enforce these security rights would be to sell these rights and receivables in a foreclosure sale. This sale must take the form of a public sale unless the approval of the Netherlands preliminary relief judge is obtained for a private sale to occur. When asking the preliminary relief judge's approval the security holder will have to make clear that the private sale would result in higher foreclosure proceeds than a public sale and that there are no other parties who are likely to offer a better price under similar conditions. Also any holder of a lower ranking security right would have the right to sell the respective secured assets in such a foreclosure sale, albeit only subject to any higher ranking security rights to which the rights and receivables would be subject. A foreclosure of security rights on rights and receivables by way of a foreclosure sale is not very common in the Netherlands, especially by a holder of a lower ranking security rights since it can only sell the respective secured assets subject to the higher ranking security right.

From a timing perspective there are no relevant limitations under Netherlands law in respect of the foreclosure procedure of a right of pledge whether by way of collection or by way of a foreclosure sale of the rights and receivables over which such right of pledge is established other than the possible mandatory "cool-off" period, which is further described below. The only statutory notice periods that may apply have been waived by the Netherlands Borrowers under the Netherlands Security Agreements. If the security holder would wish to sell the receivables in a private sale, consent of the preliminary relief judge is required which could cause a delay. Furthermore, if there is a dispute in respect of the application of the foreclosure proceeds, a delay could occur due to the fact that in that case a statutory allocation procedure will have to be followed.

Implications of Insolvency

Netherlands law recognises two types of insolvency proceeding:

(a) suspension of payments (*surseance van betaling*). In this form of insolvency proceeding, the debtor is given temporary relief from its creditor's claim in order that it may reorganise and rehabilitate its business. This is, therefore, an insolvency regime focussed on rehabilitation of the debtor; and

(b) bankruptcy (*faillissement*). In this form of insolvency proceeding, the debtor's assets are liquidated in order to pay the claims of its creditors. This is, therefore, an insolvency regime focussed on satisfying the claims of creditors rather than the rehabilitation of the debtor.

As a general rule, a suspension of payments only affects unsecured creditors, and to that extent, secured creditors should not, as a matter of Netherlands law, be prejudiced by the commencement of either form of insolvency proceeding. However, a secured creditor may be prejudiced if, in the context of a bankruptcy or a suspension of payments in certain respects, the most important of which are:

(i) in respect of rights of pledge over rights and receivables, payments received by the security provider prior to notification of the account debtor of these rights and receivables of such rights of pledge or termination of the authorisation given by the security holder to the security provider to collect payment of these rights and receivables after bankruptcy or moratorium of payments of the security provider will be part of the bankrupt estate of the security provider, albeit that the security holder will be entitled to such amounts by preference after deduction of general bankruptcy costs (*algemene faillissementskosten*);

(ii) a mandatory "cool-off" period may apply in case of bankruptcy or moratorium of payments of the security provider in each case of up to a maximum period of four months (and if bankruptcy immediately follows a suspension of payments, this period may be a maximum of eight months), which, if applicable, would delay the exercise of the security rights (the authority to collect any rights and receivables by the security holder would not be delayed or affected by the "cool-off" period); and

(iii) the security holder may be obliged to enforce its security rights within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the security provider. If the security holder, however, fails to do so within such reasonable period of time, the receiver may sell the assets himself in the manner provided for in the Netherlands Bankruptcy Code. In the latter case, the security holder will

still be entitled to any proceeds of such foreclosure by preference but only after deduction of general bankruptcy costs and subject to the satisfaction of higher ranking claims of creditors.

Transaction Avoidance under Netherlands law

Netherlands law recognises the principle that, under certain circumstances, transactions entered into by a debtor prior to the onset of insolvency can be set aside or invalidated. Such avoidance may occur as a result of an *actio pauliana*, which is a transaction avoidance theory under Netherlands law.

For there to be an *actio pauliana* in respect of voluntary legal acts by a debtor, the following conditions must be satisfied:

(a) there must be a legal act by the debtor;

(b) that legal act must have been conducted by the debtor voluntarily;

(c) as a consequence of the relevant legal act, the other creditors of the debtor must suffer prejudice;

(d) the debtor must have knowledge of the prejudice to which other creditors are exposed; and

(e) in the event that the debtor receives any consideration for performing the legal act, the debtor's counterparty in respect of that act must also have knowledge of the prejudice to other creditors.

For there to be an *actio pauliana* in respect of obligatory (as opposed to voluntary) legal acts by a debtor, the following conditions must be satisfied:

(a) there must be a legal act by the debtor;

(b) the performance of such legal act by the debtor must be obligatory;

(c) as a consequence of the relevant legal act, the other creditors of the debtor must suffer prejudice; and

(d) the person receiving the payment must know that the insolvency of the debtor had been requested or the payment resulted from the conspiracy between the debtor and the person receiving the payment aimed at preferring the interest of that person over the interests of other creditors of the debtor.

Parallel Debt Arrangements

The Issuer does not have a direct claim against the Netherlands Borrower which is secured by the Netherlands Related Security. However, the Netherlands Related Security, including the mortgages over the relevant Properties, has been granted in favour of the Netherlands Security Trustees, to which a parallel debt has also been granted.

The parallel debt arrangement gives the Netherlands Security Trustees the right to enforce the Netherlands Related Security and the Netherlands Loan Sale Agreement stipulates that each Netherlands Security Trustee shall promptly apply the proceeds of enforcement, to the extent such proceeds are to be allocated to the Issuer in accordance with the Randstad Intercreditor Agreement, the Alliance Deed of Subordination or the CPFM Deed of Subordination respectively to the Issuer or the Security Trustee, as applicable, to be applied in accordance with the Priorities of Payments.

In this respect it should also be noted that each of the Netherlands Security Trustees was established solely for the purposes of holding security created pursuant to such parallel debt arrangements and that as such they are intended to have a limited number of creditors.

While the parallel debt structure has been used in the context of financing transactions in the Netherlands, there is no case law, in the Netherlands, which establishes its efficacy.

In addition under each of the Alliance Loan and the CPFM Loan, the Related Security has been given to the applicable Netherlands Security Trustee as security for both the Loan itself and as security for the parallel debt. The applicable Netherlands Security Trustee is only a creditor in respect of and can therefore only enforce the parallel debt. It cannot enforce the Loan itself. Therefore, in effect, the Netherlands Related Security (in relation to the Alliance Loan and the CFPM Loan) only secures the parallel debt. In the case of the Randstad Loan, only the parallel debt as well as any other monetary payment obligations due to the Randstad Security Trustee are secured.

CERTAIN MATTERS OF PORTUGUESE LAW

Introduction

The Portuguese Loan is secured by a commercial property located in Portugal, being the Portuguese Property, pursuant to security interests created and substantially perfected under Portuguese law and the Portuguese Property Owner is organised under Portuguese law. As such, the laws of Portugal will impact upon the process by which Portuguese Related Security is enforced. Further, the laws of Portugal will determine how the insolvency of the Portuguese Property Owner will affect the enforcement of the Portuguese Related Security and the extraction of value from the Portuguese Related Security.

Enforcement of Portuguese Related Security

Under the Portuguese Civil Procedure Code, enforcement of security interests involve seven steps:

(a) the presentation to the competent court of a petition seeking execution by the secured creditor;

(b) the seizure by the secured creditor of the assets of the debtor;

(c) the service of proceedings on the debtor;

(d) the service of proceedings on creditors of the debtor who, as a matter of law, have a priority claim in respect of its assets;

(e) 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;

(f) the sale, by way of court order, of the secured assets; and

(g) the distribution of the proceeds of sale of the relevant assets, in accordance with the order of priority determined by the courts.

The timing of the process of enforcing security in Portugal varies. Following a change in 2003, in relation to the laws governing the process of enforcement, there are no up-to-date statistics of the time periods involved. On the basis of historic evidence, however, it is estimated that enforcement proceedings in relation to mortgages take on average a period between 1 and 3 years, though there are cases where lengthier proceedings have occurred.

In relation to the pledge of the shares granted in respect of the Portuguese Property Owner, the terms of the documentation contemplate that the shares may be sold without reliance on a court based process. However, the ability to sell the shares out of Court will cease if the power of attorney granted for such purpose is no longer valid (for example, due to the insolvency of the grantor).

The pledges granted over bank accounts may not be enforceable against third parties to the extent that the entities which granted the pledges can have access to the relevant bank accounts.

Implications of Insolvency

Portugal has a relatively new, and therefore untested, insolvency regime, contained in the Portuguese Insolvency Code. The Portuguese Insolvency Code has a cash-flow related test of solvency: a company will be considered to be insolvent if it is unable to pay its debts as they fall due. In addition, however, a company may also be considered insolvent under the Portuguese Insolvency Code on the basis of a balance sheet test, if its assets are less than its liabilities.

Under the Portuguese Insolvency Code, an insolvent company is duty bound to initiate insolvency proceedings once it has become insolvent. However, creditors itself of a company may only seek to commence insolvency proceedings once the insolvency is clear, for example, because the company

has, in fact, failed to pay its debts for six months. Further, the Portuguese Insolvency Code assumes that a company and its directors are aware of an insolvency situation if a company has not, for a 3 month period, paid its debts to certain creditors such as tax authorities, social security authorities, employees or the landlord of its office or head office.

The commencement of insolvency proceedings against a Portuguese company in Portugal involves the appointment of an insolvency administrator. In the first instance, the insolvency administrator will be appointed by the competent court, but the court appointed insolvency administrator may be replaced by an administrator appointed by the creditors of the company acting jointly.

The insolvency administrator is required to take command of all of the assets of the debtor and manage them until the creditors reach a decision as to whether to liquidate the company or restructure its obligations. At this stage, no steps may be taken by any of the creditors to enforce any of the security interests granted by the debtor and all pending enforcement proceedings are suspended. All enforcement proceedings are undertaken in the context of the insolvency proceeding. This delays the process of enforcing security interests.

Following a declaration of insolvency by a Portuguese company, no execution proceedings may be initiated against a company and all pending execution proceedings will be suspended. Rather, the assets of the insolvent company will be sold following a court based sale process, with secured creditors receiving payment in priority. This process tends to be longer than the normal security enforcement process.

There are, however, some categories of creditors which have a higher ranking than secured creditors. These include tax authorities, employees, social security authorities and the creditor who first files for insolvency (i.e. the right of the creditor who files first for insolvency covers 25% of the value of moveable assets of the insolvent entity and up to an amount of approximately Euros 44,500) though following a declaration of insolvency of a company, tax authorities and social security authorities will lose their super-priority status in respect of amounts which become payable more than twelve months before the commencement of the insolvency proceedings. Under the terms of the Portuguese Credit Agreement, the Portuguese Property Owner has undertaken to pay all taxes due in respect of the Portuguese Property.

Certain Tax Matters

Payments of interest made by the Portuguese Property Owner under the Portuguese Credit Agreement will be subject to a withholding tax. The standard rate of withholding tax in Portugal is 20%, which may be reduced to 15% in respect of payments made to the Issuer, by virtue of the provisions of the Ireland-Portugal double taxation treaty. The Portuguese Property Owner is required to gross-up amounts so withheld provided that none of the exemptions to the gross-up requirement in the Portuguese Credit Agreement (described in the Portuguese Credit Agreement (under the heading "Tax Gross Up Obligations under the Portuguese Loan" on page 159)) apply.

The New Portuguese Holdco Borrower is incorporated in the Netherlands and under the Portuguese Credit Agreement has represented that it is not required under the law of its jurisdiction of incorporation to make any deduction for or on account of tax from any payment made by it under the Portuguese Finance Documents.

Transaction Avoidance under Portuguese law

The Portuguese Insolvency Code contains provisions enabling certain transactions which took place prior to the onset of insolvency to be invalidated or set aside, so that the assets which are the subject matter of such transaction are returned to the insolvent company for the benefit of all of its creditors. The policy behind the relevant provisions is to prevent an insolvent company benefiting certain of its creditors at the expense of others. Under the Portuguese Insolvency Code, transactions entered into at any time during the four years prior to the commencement of insolvency proceedings can, as a general rule, potentially be avoided since there is a presumption (which cannot be rebutted) that certain acts when carried out during the four year period will be prejudicial to the interests of the insolvent entity. Additionally in relation to proprietary security interests (such as mortgages), such security interests can also be set aside if they were granted to secure the payment of a pre-existing

debt, or of a new debt replacing a pre-existing debt within the 6 months before commencement of insolvency proceedings or if the security interests do not represent transactions with interest for the insolvent or if they were granted concurrently with the creation of the debt, in the 60 days before the date on which the insolvency proceedings were commenced. However, if the relevant security is securing obligations of related entities of the grantor (such as for example, the mortgage created by the Portuguese Property Owner) or if the Portuguese Property Owner undertakes to pay for amounts owed by related entities, the four year period referred to above will apply.

Further, in addition to the avoidance of the transaction entered into or security interests granted by an insolvent company, payments made by an insolvent company may, under the Portuguese Insolvency Code, be revoked under two circumstances:

(a) if the insolvent company has paid any debts before they were due within the period of six months prior to the commencement of insolvency proceedings; and

(b) if the insolvent company has paid debts on unusual terms within the period of six months prior to the commencement of insolvency proceedings.

The presumption that such payments will be prejudicial to the estate will apply and, accordingly, they can potentially be challenged if made in the four year period prior to commencement of the insolvency proceedings.

Portuguese law recognizes in general the principle that transactions can be invalidated as a result of an "*actio pauliana*", which is a transaction avoidance theory under Portuguese law.

Under the concept of "*action pauliana*" an action could be brought by a creditor to set aside a transaction undertaken that results in the decrease of the debtor's assets and in circumstances in which there was no consideration given and in which the following requirements are met: (i) the credit (of the creditor bringing the action) was created prior to the transaction to be set aside or, if the credit was created after the transaction to be set aside, the transaction was intentionally effected to impede the rights of future creditors; and (ii) as a result of the transaction the creditor cannot obtain the satisfaction of its credit or there is an increased likelihood of this event. In circumstances in which consideration is given, an "*action pauliana*" is only applicable if the debtor and the third party have acted in bad faith and such bad faith is proven in court by the claimant.

The right to challenge acts as set out above will expire five years after the date on which the relevant acts were entered into.

Additionally, pledges over future credits (such as the pledge created by the Portuguese Property Manager over the Rental Income) in case of insolvency of the pledgor will only guarantee the payment of the debts due before the insolvency declaration of the Portuguese Property Manager and of the debts due during the month of the insolvency declaration and the following month.

Grant of Security by the Portuguese Property Owner

Under the Portuguese Companies Code it is an established principle that a Portuguese company does not have capacity to grant security in support of the obligations of a third party, unless certain safe harbours, also contained in the Portuguese Companies Code apply.

The Portuguese Property Owner is, under the Portuguese Credit Agreement, jointly and severally liable for the obligations of the other Portuguese Borrowers in respect of the Portuguese Loan and has, as described in this Offering Circular, granted security in support of the obligations it has undertaken.

At the time of originating the Portuguese Loan, the Originator obtained an opinion of counsel qualified under Portuguese law which confirmed that, as a matter of Portuguese law, the Portuguese Property Owner had the power and authority to enter into and perform its obligations under the finance document to which it was a party and that each finance document (assuming that it was legal, valid and binding under its governing law, being English law, this assumption being addressed in an English law opinion also obtained by the Originator at the time of origination) constitute legal, valid

and binding obligations, enforceable in accordance with their terms. The legal opinion also confirmed, by its terms, the validity of the security interests, granted by the Portuguese Property Owner, including the mortgage granted over the Portuguese Property.

While the legal opinion is not qualified on this point, it should be noted that such opinion is not based on any settled jurisprudence and to that extent there can be no assurance that a Portuguese Court will act in a manner consistent with that legal opinion.

If, for any reason, it were found that the Portuguese Property Owner was not jointly and severally liable for the obligations of the other Portuguese Borrowers in respect of the Portuguese Loan or such joint and several liability would be re-characterised as a form of security it would be necessary to consider whether any of the safe harbours contained in the Portuguese Companies Code would apply to the Portuguese Property Owner.

Portuguese law expressly provides the following two specific exemptions from the prohibition for a company to provide security: (a) a Portuguese company undertaking obligations which benefit of another company in the same group or (b) when there is a justifiable interest of the company providing the security.

The section of the companies code which sets out the exemption relating to intra-group obligations does not indicate whether or not the other group company in question needs to be a Portuguese company or whether (as in the case of the New Portuguese Holdco Borrower) it can be a foreign company. However, another section provision of the code also refers to groups of companies and indicates that in the context of that section a group should be construed to mean a group of Portuguese companies only. It could be argued that this limited meaning of the term "group" also applies to the law on intra-group obligations, although this is a conservative construction. On the basis that this conservative construction is correct, the safe harbour provided under Portuguese law in relation to intra-group obligations would not apply in relation to the Portuguese Property Owner undertaking obligations to repay loans made to its Dutch affiliate (through the mechanic of joint and several liability).

In this scenario, a court could require evidence that the Portuguese Property Owner would, therefore, have to demonstrate that it obtained some justifiable corporate benefit as a result of being liable, on a joint and several basis, for the debt made available to its Dutch affiliate, the New Portuguese Holdco Borrower and providing security for such debt.

Whether the Portuguese Property Owner obtains a justifiable corporate benefit is a question of fact, although a resolution of the board of directors that the company in question obtained a justifiable corporate benefit would give some comfort that such justifiable interest exists and the board of the Portuguese Property Owner is expected to pass such a resolution in relation to amendments to the Portuguese Loan to be entered into prior to the Closing Date.

It is difficult, as a matter of Portuguese law, to give categorical comfort that notwithstanding a board resolution or certification that a Portuguese court would uphold the fact that the Portuguese Property Owner derived benefit from incurring the joint and several liability. There is no significant Portuguese case law or other law which confirms that the courts would never "second guess" the determination made by the directors that a corporate benefit exists although there are court precedents in Portugal which state that it can be presumed that such justifiable corporate benefit exists unless it can be proven otherwise in court.

Licença de Utilização (Use License) relating to property in Portugal

The occupation and use of real property in Portugal is subject to an "use licence" (*licença de utilização*) issued by the relevant municipal authorities, authorizing the utilization of property for permitted uses. Under Portuguese law, the use and occupation of real property without the required "use licence" constitutes grounds for the authorities to:

(a) impose penalties on the property owner of an amount between €498,80 and €249,398,95; and/or

(b) close down the property and inhibit the use and occupation of the same until the "use licences" is issued (which will depend on the property owner making the property good and fit for the intended and permitted use).

Parallel Debt Arrangements

Under the Portuguese Credit Agreement, the Portuguese Security Trustee is owed an amount of €100. This debt gives the Portuguese Security Trustee the standing, as a matter of Portuguese law, to enforce the Portuguese Related Security in its entirety, and enables it to apply the proceeds to both the debt owed to it and to the Lender.

For the avoidance of doubt, the Issuer will not grant to the Security Trustee a corresponding security interest governed by Portuguese law in respect of the Portuguese Loan and the Portuguese Related Security. However, the Issuer will enter into an Irish law governed declaration of trust in favour of the Security Trustee in respect of its interests in the Portuguese Related Security.

The Security Trustee will not be entitled to enforce the Portuguese Related Security against the grantors thereof in its own name. However, the Portuguese Related Security will continue to be enforceable by the Portuguese Security Trustee who has granted a power of attorney to the Servicer and/or the Special Servicer for this purpose.

CERTAIN MATTERS OF ITALIAN LAW

Introduction

The Italian Loan is secured by commercial properties located in Italy, pursuant to security interests created and perfected under Italian law and the borrower in respect of the Italian Loan is an entity organised under Italian law. As such, the laws of Italy will impact upon the process by which the Italian Related Security is enforced. Further, the laws of Italy will determine how the insolvency of the Italian Borrower will affect the enforcement of the Italian Related Security and the extraction of value from the Italian Related Security.

Enforcement of the Italian Related Security

Under Italian law, a mortgage may only be enforced by means of a forced sale of the mortgaged property in compliance with the general rules set out in the Italian Civil Procedure Code. In order to start enforcement proceedings it is necessary for the mortgagee to hold either a deed delivered by a public notary or an enforceable judgment concerning the outstanding amount. Such enforceable title, together with a writ requesting payment of the unpaid sum has to be served on the mortgagor providing a minimum 10 day deadline for payment. After the expiry of such deadline, the mortgagee, having registered the foreclosure of the mortgaged property through a court bailiff, in the competent property register, must file a petition with the relevant court requesting either forced sale of the mortgaged competent property or their assignment. Upon the decision of the court, the sale may be carried out either by way of auction (*vendita con incanto*) or private sale (*vendita senza incanto*). In the case of an auction sale, the court will decide the date on which bids may be made orally in front of the court, at which the mortgaged property will be sold to the highest bidder.

The court will decide the sale methodology depending on what the court considers will result in the best price for the sale. The Italian Civil Procedure Code does not provide a timescale for the enforcement proceedings. However, the enforcement of a mortgage typically takes from five to six years (ranging from three to eight and a half years, depending on the provinces where the mortgaged properties are located and on whether a public notary is appointed by the court for the sale of the assets). There can be no assurance that the enforcement proceedings for the sale of the mortgaged properties would be of such duration, since they could be in same cases longer or shorter.

Enforcement of Share Pledges

Under Italian law, the enforcement of a pledge over shares can be brought about either by way of private enforcement proceedings (pursuant to Articles 2797 and 2798 of the Italian Civil Code) or general enforcement proceedings (under the Italian Code of Civil Procedure). The former procedure allows the pledgee to force the sale of the pledged shares through either an authorised third party or a court bailiff, while the latter follow substantially the same procedure for a mortgage of real estate assets (the pledgee must hold an enforceable title to begin the judicial enforcement proceedings). Under both types of proceedings, the pledgee may request, under Article 2798, that the court assign all or part of the pledged assets to it to the extent that their value does not exceed the outstanding secured obligations.

As with mortgages, the Italian Civil Procedure Code does not provide a time scale for enforcement proceedings. However, the enforcement of a share pledge typically takes around two years.

Enforcement of Pledges on Receivables

Under Italian law, the enforcement of a pledge over receivables involves self-help on the part of the secured creditor. After the pledge has become enforceable, the secured creditor is entitled to collect the pledged receivables and to apply them to discharge the secured debt. However, if and to the extent the pledgor (the owner of the bank account) is declared insolvent, the secured creditor can no longer commence (nor continue, if already commenced) a legal action aimed at enforcing the pledge over receivables.

According to prevailing Italian doctrine, a pledge over a bank account's balance (*pegno su saldo creditorio*) is qualified as a pledge over receivables (*pegno di crediti*) within the meaning of article

2800 and ff. of the Italian civil code. Therefore, the pledge becomes opposable *vis-à-vis* third parties (including any creditors and the bankruptcy estate of the pledgor) when it is created by means of a written document (*forma scritta*) and its creation has been either notified to or acknowledged by the debtor of the pledged claim in a written document bearing date certain at law (*data certa*).

Investors' attention is also drawn to the fact that according to the Italian Supreme Court a pledge over a bank account's balance must be treated as a pledge over future receivables (*pegno su crediti futuri*), the reason being that the balance of the account periodically changes and, as a result, the formalities stated under article 2800 and ff. of the Italian civil code must be complied with periodically. Each periodic acknowledgment of the pledge is treated as a new security, which results in a new hardening period starting on every acknowledgment date.

Implications of Insolvency

Italian law recognises four types of insolvency proceeding:

(a) composition agreement (*Concordato Preventivo*) which is a composition arrangement between the company and its creditors, subject to court supervision. The aim of the arrangement is to avoid a declaration of insolvency and save the company by restructuring the debt payments. This process is therefore rehabilitative in nature;

(b) judicial stay (*Amministrazione controllata*) which is only available if there is the possibility of working out the insolvency. The procedure provides a company in temporary financial difficulty with a moratorium in order to financially restructure itself. This process is also rehabilitative in nature;

(c) bankruptcy (*Fallimento*) which is an insolvency proceeding aimed at liquidating the assets of a debtor, where there are no prospects for financial reorganisation; and

(d) *Accordi di Ristrutturazione* which was introduced by the Law Decree 14 March 2005 and relates to composition agreements with creditors, aimed at avoiding insolvency and with the intention of restructuring the debtor's liabilities. They are different to the *Concordia Preventivo* as they have an extra-judicial nature and are therefore, in essence, contractual.

It should be noted that the choice of insolvency proceeding will be dependant on a number of factors, including, the potential for full recovery of the company; the availability of funds to finance a recovery plan and the company's ability to pay secured creditors and make a distribution to unsecured creditors.

Transaction Avoidance under Italian law

Under Italian law, only bankruptcy proceedings *(Fallimento)* grant avoidance powers *(azioni revocatorie)* to the bankruptcy receiver or court commissioner. Typically, bankruptcy receivers see it as their duty to challenge vulnerable transactions and will immediately proceed with the *revocatoria*. Challenges must be commenced within five years of the commencement of the insolvency proceedings. There is also a general avoidance action outside of the bankruptcy context – *actio pauliana* – that allows creditors to set aside fraudulent transfers. However, in practice, the bankruptcy receiver will rarely utilise this action as it imposes a much heavier burden of proof on the bankruptcy receiver than the *revocatoria*.

The Italian law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver or court inspector. Whether the company was insolvent at the time the transaction was entered into or become insolvent as a result of the transaction is not relevant.

(a) *Acts ineffective by operation of law*

The following acts and transactions, if entered into or paid in the two years immediately preceding the bankruptcy judgement, have no effect against the creditors:

(i) payments by the debtor of debts falling due on or after the date of the bankruptcy judgment; and

(ii) gratuitous contracts, with the exception of habitual gifts and contracts made in performance of a moral duty or for the purposes of public welfare, and provided the donor's gift was proportionate to the size of its estate.

The acts or transactions above become automatically ineffective upon the declaration of bankruptcy. The bankruptcy receiver, however, must always initiate proceedings to recover the sums paid.

(b) *Acts that become ineffective at the bankruptcy receiver's request*

The following acts and transactions may be declared ineffective, unless the other party gives evidence that it had no knowledge of the debtor's insolvency when the transaction was made:

(i) transactions entered into during the year immediately preceding the bankruptcy judgment a consideration which is more than one fourth higher than the obligations of its counterparty;

(ii) the payment, other than in cash or common payment methods, of due debts in the year immediately preceding the bankruptcy judgement;

(iii) any pledges or mortgages granted by the debtor in the year immediately preceding the bankruptcy entered into to secure pre-existing debt that has not fallen due by the date of the bankruptcy judgement; and

(iv) any pledges or mortgages granted by the debtor in the semester immediately preceding the bankruptcy in order to secure debts already due.

The Italian courts take the view that the counterparty satisfies its burden of proof by showing that it ignored the debtor's financial condition and should not have been aware of it.

The following acts and transactions, if made or entered into, granted or paid in the semester immediately preceding the bankruptcy, may be declared ineffective if the bankruptcy receiver proves that the other party knew that the debtor was insolvent:

(i) any onerous transaction;

(ii) deeds granting security interests over assets to secure obligations simultaneously assumed by the debtor; and

(iii) the payments of debts due and payable.

The bankruptcy receiver fulfils its burden of proof through presumptive or circumstantial evidence, and therefore, the issue as to whether actual or potential awareness is required becomes redundant.

Italian Usury law

The interest payments and other remuneration paid by the Borrower under the Italian Loan are subject to Italian law No. 108 of 7 March, 1996 (the "**Usury Law**"), which introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a decree issued by the Italian Treasury (the last such decree being issued in March 2005). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if:

(a) they are disproportionate to the amount lent (taking into account the specific situations of the transaction and the average rate usually applied for similar transactions); and

(b) the person who paid or agreed to pay them was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. The Italian Government, with law decree No. 394 of 29 December 2000 (the "**Usury Law Decree**" and, together with the Usury Law, the "**Usury Regulations**"), converted into law by law No. 24 of 28 February 2001, has established, among other things, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters determined by the Usury Law Decree. As the Usury Law Decree became law at the end of February 2001, no official or judicial interpretation of it is yet available. However, the Italian Constitutional Court has rejected, with decision No. 29/2002 (deposited on 25 February 2002), a constitutional exception raised by the Court of Benevento (2 January 2001) concerning article 1, paragraph 1, of the Usury Law Decree (now reflected in article 1, paragraph 1 of the above mentioned conversion law No. 24 of 28 February 2001). In so doing, it has confirmed the constitutional validity of the provisions of the Usury Law Decree which hold that interest rates may be deemed to be void due to usury only if they infringe Usury Regulations at the time they are agreed as between the borrower and the lender and not at the time such rates are actually paid by the borrower. If the Italian Loan is found to contravene the Usury Regulations, the Borrower might be able to claim relief on any interest previously paid and oblige the Issuer to accept a reduced rate of interest, or potentially no interest on such Mortgage Loan. In such cases, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected.

Compounding of interest (*anatocismo*)

Pursuant to article 1283 of the Italian civil code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only:

(a) under an agreement subsequent to such accrual; or

(b) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices (*usi*) to the contrary. Banks and financial companies in the Republic of Italy have traditionally capitalised accrued interest on a three-monthly basis on the grounds that such practice could be characterised as a customary practice (*uso normativo*). However, a number of recent judgments from Italian courts (including the judgment from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99, No. 2593/2003 and No. 21095/2004) have held that such practices are not uso normativo. Consequently, if the Borrower was to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the Italian Loan.

In this respect, it should be noted that article 25, paragraph 3, of legislative decree No. 342 of 4 August 1999 ("**Law No. 342**"), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February 1992, has considered the capitalisation of accrued interest (anatocismo) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest is no longer possible upon the terms established by a resolution of the CICR issued on 22 February 2000. Law No. 342 has been challenged and decision No. 425 of 17 October 2000 of the Italian Constitutional Court has declared as unconstitutional the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

The Italian Credit Agreement states that interest on overdue amounts will not be compound interest.

Prepayments by Italian Borrower

In a recent decision (Corte di Cassazione No. 4842 of 5 April 2002 ("**Decision 4842/2002**")), the Italian Supreme Court held that, in a bankruptcy (which applies to both companies and individuals, but only if they are acting as entrepreneurs), prepayments in respect of certain unsecured debt obligations made by the bankrupt entity are subject to the claw-back provisions of article 65 of the Italian royal decree No. 267 of 16 March 1942, as subsequently amended and integrated (the "**Bankruptcy Law**") rather than article 67 of the Bankruptcy Law, on the grounds that any such prepayment constitutes a payment of a debt not yet due. If Decision 4842/2002 were held to apply also to secured debt obligations, which is not certain, this decision would be significant because article 65 provides that a payment of a debt not yet due and payable, which falls due on or after the bankruptcy of the payor, is ineffective as against the creditors of the bankruptcy estate if such payment is made in the two years preceding the bankruptcy. On the other hand, article 67 provides that payments of debts that are due and payable may only be clawed back if:

(a) the receiver of the bankruptcy estate demonstrates that the creditor was aware of the debtor's insolvency;

(b) the prepayment was made in the year immediately preceding the bankruptcy of the debtor; and

(c) the prepayment was prejudicial to the creditors of the debtor.

Decision 4842/2002 is also significant because article 4 of the Securitisation Law provides that the special purpose vehicle (which would include the Issuer) is specifically exempt from claw-back under article 67 in respect of payments made to it by the underlying debtors, whereas the Securitisation Law does not exempt the Issuer from article 65. Decision 4842/2002 appears to depart from Supreme Court decision No. 1153 of 10 April, 1969 ("**Decision 1153/1969**") which held that a prepayment of a loan following the debtor's election to prepay in accordance with terms of a loan agreement constitutes a payment of a debt that is due and payable and therefore could only be clawed back under article 67 (and not article 65) of the Bankruptcy Law. Moreover, it is not certain that Decision 4842/2002 will apply to prepayments of mortgage loans because it deals with the prepayment of a bond issue and only briefly refers to ordinary loans. In addition, if Decision 4842/2002 was held to apply also to secured debt obligations, the consequences would be inequitable in that a secured creditor might, as a result, become an unsecured creditor. In addition, it should be noted that Italian court decisions are not binding on other courts, including courts of first instance: in this respect, it is worth noting that a recent decision of the court of first instance of Milan (Tribunale di Milano, sez. II, of 17 May 2004) confirmed the principle stated in Decision 1153/1969.

THE LOAN SALE PROCESS

Loan Sale Agreements

The Netherlands Loan Sale Agreement

Pursuant to the Netherlands Loan Sale Agreement, the Originator will sell and assign and the Issuer will purchase and accept an assignment of the rights of the Originator in under, to and connected with the Netherlands Loans together with certain contractual rights of the Originator relating to the other Netherlands Finance Documents. The assignment will be notified to each of the Netherlands Borrowers and the obligors under the Netherlands Loans. The Netherlands Related Security has been granted and will remain vested in the Netherlands Security Trustees as security for the parallel debt owed to them. Under the Netherlands Loan Sale Agreement, the Issuer, the Netherlands Security Trustees and the Originator will agree that the proceeds of the parallel debt and the enforcement of the Netherlands Related Security, to the extent such proceeds are to be allocated to the Issuer, in accordance with the Randstad Intercreditor Agreement, the Alliance Deed of Subordination and the CPFM Deed of Subordination respectively, will be paid promptly to the Issuer or the Security Trustee, as applicable, to be applied in accordance with the Priority of Payments. The Originator will acknowledge that it has no right to the Netherlands Security or to the proceeds of enforcement of the Netherlands Security.

As the purchaser of the Netherlands Loans, the Issuer will be entitled to receive payments of interest on and repayments of principal in respect of the Netherlands Loans, as well as proceeds of enforcement of the Netherlands Related Security. The Issuer will be entitled to payments of interest accruing from the seventh business day prior to the Closing Date. The Netherlands Loan Sale Agreement will be governed by Netherlands law, Netherlands law being the law governing the Netherlands Credit Agreements.

The purchase price under the Netherlands Loan Sale Agreement will be paid to the Originator on the Closing Date and will be €234,114,535, a sum equal to the outstanding aggregate principal balance of the Netherlands Loans as at the Cut-Off Date. Under the Netherlands Loan Sale Agreement the Issuer will also pay the Originator €298,000 to be applied by the Originator to meet certain expenses of the Issuer. To the extent that this amount is not required to pay such expenses the Originator shall be entitled to retain the remainder which shall form part of the initial purchase price for the Netherlands Loans. In addition to the purchase price payable on the Closing Date, the Issuer will, under the Netherlands Loan Sale Agreement, pay to the Originator on each Payment Date all Protected Receipts received in respect of the Netherlands Loans during the preceding Interest Accrual Period by way of a deferred purchase price and, save as otherwise payable under the Portuguese Loan Sale Agreement, any other Protected Receipts available for application. Under the Netherlands Credit Agreements, the Lenders are specifically entitled to assign their rights in respect of the Netherlands Loans.

The Issuer will accede to the Randstad Intercreditor Agreement on the Closing Date.

The Portuguese Loan Sale Agreement

Pursuant to the Portuguese Loan Sale Agreement, the Originator will undertake to sell and the Issuer will undertake to purchase the Portuguese Loan and the Portuguese Related Security together with certain contractual rights by the Originator relating to the Portuguese Loan. Under the Portuguese Loan Sale Agreement, the Originator will covenant to execute a notarial deed (the "**Portuguese Notarial Deed**") for the purpose of fully transferring the benefit of Portuguese Loan and Portuguese Related Security to the Issuer together with certain contractual rights by the Originator relating to the Portuguese Loan. As purchaser of the Portuguese Loan, the Issuer will be entitled to receive payments of interest on and repayments of principal in respect of the Portuguese Loan and the transfer will be notified to the Portuguese Borrowers and the obligors under the Portuguese Loan, as well as the proceeds of enforcement of the Portuguese Related Security. The Issuer will be entitled to payments of interest accruing from the seventh business day prior to the Closing Date. The Portuguese Loan Sale Agreement and the Portuguese Notarial Deed will both be governed by Portuguese law. Under the Portuguese Credit Agreement, the Lenders are specifically entitled to assign their rights in respect of the Portuguese Loan.

The purchase price under the Portuguese Loan Sale Agreement and the Portuguese Notarial Deed will be paid to the Originator on the Closing Date and, if the drawing and repayment envisaged by the Portuguese Loan Amendment Agreement occurs, will be €65,072,116, a sum equal to the outstanding aggregate principal balance of the Portuguese Loan as at the Closing Date. In addition to the purchase price payable on the Closing Date, the Issuer will, under the Portuguese Loan Sale Agreement and the Portuguese Notarial Deed, pay to the Originator on each Payment Date all Protected Receipts received in respect of the Portuguese Loan during the preceding Interest Accrual Period by way of a deferred purchase price.

The Credit Default Swap Transaction

Unlike the Netherlands Loans and the Portuguese Loan, the Issuer will not purchase the Italian Loan and the Italian Related Security from the Originator. Rather, the Issuer will, on the Closing Date, enter into the Credit Default Swap Transaction with the Originator pursuant to which it will sell credit protection to the Originator in respect of the Italian Loan. Under the terms of the Credit Default Swap Agreement, the Issuer will be exposed to the credit risk of the Italian Loan, without having ownership of it.

For further information about the Credit Default Swap Transaction, see "The Credit Default Swap Transaction" at page 206.

Representations and Warranties

Neither the Issuer, the Security Trustee nor the Note Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant assets would normally make in relation to the Assigned Loans or their Related Security. In addition, neither the Issuer, the Security Trustee nor the Note Trustee has made or will make any enquiry, search or investigation at any time in relation to compliance by any Originator or any other person with respect to the provisions of any Loan Sale Agreements or any other Transaction Document or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of any Assigned Loan or its Related Security.

In relation to all of the foregoing matters concerning the Assigned Loans and their Related Security and the circumstances in which the advances were made to the Borrowers, the Issuer, the Security Trustee and the Note Trustee will rely entirely on the representations and warranties to be given by the Originator respectively to the Issuer, the Security Trustee and the Note Trustee relating to the Assigned Loans and their Related Security which are contained in the Loan Sale Agreements to which the Originator is a party.

The representations and warranties referred to above will include, without limitation (but subject to disclosure in each Loan Sale Agreement and as disclosed in this Offering Circular), statements to the following effect, each made by the Originator in relation to the Assigned Loans, the Borrowers in respect of the Assigned Loans, the Properties financed by the Assigned Loans and the security granted by such Borrowers in connection with the Assigned Loans and such Properties:

(a) each Assigned Loan carries a right to payment of principal in an amount not less than the purchase price paid for that Assigned Loan by the Issuer;

(b) interest is charged on each Assigned Loan at such a rate as may be determined in accordance with the provisions of each Credit Agreement entered into in relation to that Assigned Loan (each an "**Assigned Loan Credit Agreement**");

(c) pursuant to the terms of each Assigned Loan Credit Agreement, no Borrower of an Assigned Loan (an "**Assigned Loan Borrower**") is entitled to exercise any right of set-off (except to the extent permitted by law) against the Originator in respect of any amount that is payable under any of the Assigned Loans;

(d) no Assigned Loan Credit Agreement contains an obligation of the Originator to make any further advances which remains unperformed on the Closing Date and no part of any advance pursuant to any Assigned Loan Credit Agreement has been retained by the Originator

pending compliance by the relevant Assigned Loan Borrower or any other party with any other conditions;

(e) the Originator or the facility agent, as appropriate, has, since the origination of each Assigned Loan, kept or caused to be kept full and proper accounts, books and records showing all transactions, payments, receipts, proceedings and notices relating to the Assigned Loans and which are complete and accurate in all material respects. All such accounts, books and records are up to date and are held by, or to the order of, the Originator or, as the case may be, the relevant facility agent;

(f) each Netherlands Property and the Portuguese Property (each an "**Assigned Loan Property**") constitutes investment or commercial property let predominantly for office, retail, industrial, warehousing, car parking or leisure purposes;

(g) in relation to the Assigned Loan Security Documentation, each Assigned Loan Borrower had, as at the date of the relevant mortgage, subject to matters disclosed in the certificate of title, notarial report or, as the case may be, deed of mortgage in respect of such Assigned Loan Property, a good and valid title to that Assigned Loan Property and each Assigned Loan Borrower in respect of each Assigned Loan Property is the owner of each Assigned Loan Property. For these purposes "**Assigned Loan Security Documentation**" means any security document (howsoever described) pursuant to which each Assigned Loan Borrower created, among other things, mortgages over the relevant Assigned Loan Properties, and/or over any shares in any company which owns such Assigned Loan Properties and pledges of rents in favour of the relevant security trustee to secure their respective obligations under the relevant Assigned Loan;

(h) each Assigned Loan Property was, as at the date of the relevant Assigned Loan Security Documentation, held by the relevant Assigned Loan Borrower free (save for any Related Security), from any security interests which would materially adversely affect their title or the value for mortgage purposes set out in the applicable Valuation (including any security interest contained in or expressly permitted by any documentation relating to the applicable Assigned Loan or any leases relevant to such Property);

(i) the Originator is not aware of any circumstances giving rise to a material reduction in the value of any Assigned Loan Property since the later of the origination of the applicable Assigned Loan the last annual review of the applicable Assigned Loan (being either a written or verbal valuation) (or in the case of the Randstad Loan, since the date of its origination) other than market forces affecting the values of properties comparable to the relevant Assigned Loan Property in the area where the relevant Assigned Loan Property is located;

(j) (i) each Assigned Loan and the Assigned Loan Security Documentation constitutes a valid and binding obligation of, and is enforceable against each Assigned Loan Borrower or other obligor thereunder, subject only, in the case of mortgages required to be registered or recorded, to such registration or recording, and the pledges requiring to be notified to the underlying debtor, to such notification; (ii) each mortgage is a valid and subsisting first ranking mortgage on the Assigned Loan Property to which such mortgage relates (subject to general principles of law limiting the same); (iii) subject as set out in sub-paragraph (i) above, the Originator or the security trustee has a good title to each mortgage at law and all things necessary to complete the Originator's or the security trustee's title to each mortgage have been done, or will be duly done at the appropriate time or are in the process of being done; and (iv) the Originator is the owner of the Assigned Loans free and clear of any third party interests save as contemplated under the Alliance Finance Documents, the CPFM Finance Documents, the Randstad Finance Documents and the Portuguese Finance Documents together, the "**Assigned Loan Finance Documents**");

(k) the right, title and interest of the Originator in each Assigned Loan and the Related Security may be assigned or, as the case may be, by operation of law or pursuant to the Assigned Loan Finance Documents or otherwise transferred to the Issuer;

(l) immediately prior to advancing each Assigned Loan, the relevant Assigned Loan Property or Assigned Loan Properties constituting security therefor were valued for the Originator by a qualified surveyor or valuer and the principal amount advanced under such Assigned Loan did not at the date of such advance exceed 83.2 per cent. of the amount of the valuation;

(m) as at the Closing Date, (i) to the best of the Originator's actual knowledge each Assigned Loan Property is covered by a buildings insurance policy maintained by the relevant Assigned Loan Borrower or another person with an interest in the relevant Assigned Loan Property in an amount which is equal to or greater than such Assigned Loan Property's reinstatement value, and (ii) the Originator has not received written notice that any such insurance policy is about to lapse on account of failure by the relevant entity maintaining such insurance to pay the relevant premiums;

(n) the Originator has not received written notice of the bankruptcy, liquidation, receivership, administration or a winding up or administrative order or dissolution made against any Assigned Loan Borrower;

(o) since the date of origination of each Assigned Loan no amount of principal or interest due from any Assigned Loan Borrower has, at any time, been more than 14 days overdue at the date hereof;

(p) the Originator is not aware of any material default, material breach or material violation under any documentation relating to any Assigned Loan which has not been remedied, cured or waived;

(q) the Originator is not in breach of any of its material obligations under or in connection with the Assigned Loans and so far as the Originator is aware no Assigned Loan Borrower has taken or has threatened to take any action against the Originator for any material failure on the part of the Originator to perform any such material obligations;

(r) the Originator has not received notice of any litigation or claim calling into question in any material way the Originator's or the security trustee's title to any Assigned Loan or its Related Security (including the relevant mortgage);

(s) as at the Closing Date, the Originator has not received written notice of any default that has not been remedied or forfeiture of any occupational lease granted in respect of an Assigned Loan Property which would, in its opinion, render the relevant Assigned Loan Property unacceptable as security for the relevant Assigned Loan in respect of that Assigned Loan Property;

(t) none of the provisions of any Assigned Loan or its Related Security (including the relevant mortgage) have been waived, altered or modified in any material respect since it was entered into except as set out in the Assigned Loan Finance Documents relating to such Assigned Loan;

(u) to the best of the Originator's actual knowledge (having made no investigation of any Assigned Loan Borrower following origination of the Assigned Loan made to it) there is no outstanding indebtedness in respect of any Assigned Loan Borrower, other than: (i) the related Assigned Loan, (ii) debt which is fully subordinated to the Assigned Loan and (iii) debt which is otherwise permitted under the terms of the relevant Assigned Loan Credit Agreement or other Finance Documents;

(v) each Assigned Loan is governed by English law or Netherlands law, as the case may be; and

(w) each of the Assigned Loan Properties is situated in the Netherlands or Portugal, as the case may be.

No warranties will be given by the Originator in relation to any Assigned Loan or its Related Security other than those contained in the Loan Sale Agreements.

Under the terms of the Loan Sale Agreements, if it is determined that as at the Closing Date there was a material breach of any one or more of the representations or warranties which is not remedied within 60 days (or such longer period not exceeding 90 days as the Issuer may agree), the Issuer will have the right to assign or sub-participate to the Originator the rights in respect of the relevant Assigned Loan and its Related Security which it acquired under the applicable Loan Sale Agreement, and the Originator will have the obligation to acquire such rights on a date no later than 30 days after the expiry of the cure period referred to above. The repurchase price, which is prescribed by the Loan Sale Agreements, will require the Originator to pay the then principal outstanding of the relevant Assigned Loan together with interest accruing thereon until the next Loan Payment Date.

THE CREDIT DEFAULT SWAP TRANSACTION

The following summary describes certain terms of the Credit Default Swap Transaction. Certain of the defined terms used herein are defined in the Credit Default Swap Agreement only.

General

On the Closing Date, the Issuer will enter into the Credit Default Swap Transaction with the Credit Protection Buyer. The Credit Default Swap Transaction will be documented pursuant to:

(a) a 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA, together with a schedule thereto (the "**Credit Default Swap Schedule**");

(b) a confirmation (the "**Credit Default Swap Confirmation**"); and

(c) a 1995 ISDA English law Credit Support Annex (Bilateral Form-Transfer) (the "**CDS Credit Support Document**"),

such documents together constituting the Credit Default Swap Agreement.

The Credit Default Swap Confirmation will incorporate the definitions and provisions contained in the 2003 ISDA Credit Derivative Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions (the "**Credit Derivative Definitions**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). In the event of any inconsistency between the provisions of the Credit Default Swap Confirmation and the Credit Derivatives Definitions, the provisions of the Credit Default Swap Confirmation will govern.

The Credit Protection Buyer will enter into the Credit Default Swap Transaction and exercise its rights and perform its obligations thereunder solely on its own behalf and not as agent, fiduciary or in any other capacity on behalf of the Issuer, the Noteholders or any other person. JPMorgan Chase Bank, N.A., Milan Branch will be appointed by both the Issuer and the Credit Protection Buyer to act as the calculation agent in respect of the Credit Default Swap Agreement (in such capacity, the "**Calculation Agent**").

The Credit Default Swap Transaction will commence on the Closing Date and will, unless otherwise terminated early, end on the Termination Date, as specified in the Credit Default Swap Agreement.

Purpose of the Credit Default Swap Transaction

The purpose of the Credit Default Swap Transaction is to provide the Credit Protection Buyer with credit protection in the event of the occurrence of a Credit Event in respect of the Italian Loan. After the Closing Date, the Originator expects to continue to be the Lender of the Italian Loan and as such is exposed to the credit risk of the Italian Loan, unless it transfers the Italian Loan to a third party, as it is entitled to do. The consequences of such transfer on the Credit Default Swap Transaction are described further below. For the avoidance of doubt, the Originator may transfer the Italian Loan at any time and without any restriction, without necessarily bringing about a termination of the Credit Default Swap Transaction.

A "**Credit Event**" under the terms of the Credit Default Swap Agreement will occur if an Italian Event of Default occurs. The Credit Protection Buyer is entitled, under these circumstances, to serve notice of the occurrence of a Credit Event on the Issuer (which notice must attach a copy of a notice of the Italian Facility Agent declaring the occurrence of a Italian Event of Default, as prescribed under the Italian Credit Agreement) (the "**Credit Event Notice**"). Upon a Credit Event Notice being received, the Issuer will be obliged to make a payment (the "**Credit Protection Payment**") to the Credit Protection Buyer in an amount which is equal to the entire Credit Default Swap Collateral at that time, including any Accrued Interest Payment. The date on which the Credit Protection Payment is made is referred to in the Credit Default Swap Agreement as the "**Cash Settlement Date**".

Continuity of Obligations

Although the Originator will be the Lender in respect of the Italian Loan as at the Closing Date, it is under no obligation to remain the Lender in respect of the Italian Loan at any time thereafter and may transfer the Italian Loan at any time it chooses to do so to any third party in accordance with the terms of the Italian Credit Agreement. The obligations of the Issuer to the Credit Protection Buyer in respect of the Credit Default Swap Transaction exist, however, regardless of whether the Credit Protection Buyer has any legal or beneficial interest in the Italian Loan and regardless of whether the Credit Protection Buyer actually suffers a loss or is exposed to the risk of loss following the occurrence of any default on the part of the Italian Borrower in respect of the Italian Loan. For the avoidance of doubt, in the event that the Italian Loan is transferred by the Originator to a third party, the rights and obligations of the Issuer and the Credit Protection Buyer under the Credit Default Swap Transaction shall not be affected save that the Servicing Criteria will apply, and notwithstanding such transfer, the parties obligations under the Credit Default Swap Agreement shall continue and, among other things, the Issuer will be obliged to make a Credit Protection Payment to the Credit Protection Buyer following the occurrence of a Credit Event, and the Credit Protection Buyer will be obliged to make a payment to the Issuer of any Enforcement Proceeds, each as further described below.

The lender of the Italian Loan at any time will be referred to as the "**Italian Lender".**

Payments under the Credit Default Swap Agreement

Both the Credit Protection Buyer and the Issuer are, under the terms of the Credit Default Swap Agreement, entitled to receive payments, and conversely are obligated to make payments, from and to the other. Certain payment obligations of the Credit Protection Buyer are described first, followed by certain payment obligations of the Issuer.

The primary payment that the Credit Protection Buyer is required to make to the Issuer under the terms of the Credit Default Swap Agreement is in relation to Credit Default Swap Income. Prior to the occurrence of a Credit Event, the Credit Protection Buyer is required to make the payments of Credit Default Swap Income on each Payment Date and on the Early Termination Date though if, on any such date, the Credit Protection Buyer determines that there is a potential failure on the part of the Italian Borrower to make a payment in respect of the Italian Loan (because a payment has not been made when due and any applicable grace period prescribed by the Italian Credit Agreement has not expired) the Credit Protection Buyer may defer making the Credit Default Swap Income payment when otherwise due until the first business day after the relevant payments have been made in full and no Credit Event has occurred. Notwithstanding such right of deferral, if the Credit Protection Buyer does not intend to make a payment of Credit Default Swap Income under these circumstances, it must notify the Issuer, the Calculating and Reporting Agent and the Cash Manager accordingly and in sufficient time in order to enable the Issuer or the Cash Manager on its behalf to make a drawing of funds under the Liquidity Facility Agreement.

In addition to the payments of Credit Default Swap Income, the Credit Protection Buyer will also be required:

(a) in the event that a Credit Event Notice is served and the Issuer makes a Credit Protection Payment, to pay the Issuer all proceeds received in respect of the Italian Credit Agreement on any day after the Cash Settlement Date but before the Loan Valuation Date (as defined in the Credit Default Swap Agreement) by the Credit Protection Buyer, or (if the Credit Protection Buyer is no longer the Italian Lender) the Italian Lender (other than prepayment fees paid pursuant to the Italian Credit Agreement) after having deducted any costs and expenses incurred by that Italian Lender in relation to the enforcement process (such amounts, "**Enforcement Proceeds**");

(b) in the event that the Credit Default Swap Transaction is subject to early termination because of the occurrence of an Event of Default or Termination Event, to pay certain amounts (each a "**Credit Protection Buyer Early Termination Amount**") to the Issuer. The amount of a Credit Protection Buyer Early Termination Amount is prescribed under the Credit Default Swap Agreement and varies according to the circumstances of the early termination of the Credit Default Swap Transaction, as described further below; and

(c) in the event that the Credit Default Swap Transaction has not terminated by the Maturity Date, to pay an amount (the "**Italian Loan Sale Proceeds Amount**") to the Issuer. The amount of the Italian Loan Sale Proceeds Amount is also prescribed under the Credit Default Swap Agreement and is equal to a valuation of the Italian Loan undertaken by the Calculation Agent in accordance with the Credit Default Swap Agreement.

The primary payment that the Issuer is required to make to the Credit Protection Buyer is the Credit Protection Payment, the amount of the Credit Protection Payment also being referred to in the Credit Default Swap Agreement as the "**Cash Settlement Amount**". As described above, the Issuer is required to make the Credit Protection Payment after the occurrence of a Credit Event, subject to the service of a Credit Event Notice. The Credit Protection Payment will be funded by the Credit Default Swap Collateral being released to the Credit Protection Buyer directly by the Collateral Holding Bank in accordance with the terms of the Collateral Holding Agreement.

In addition to the payment of the Credit Protection Payment, the Issuer will also be required in the event that the Credit Default Swap Transaction is subject to early termination because of the occurrence of an Event of Default or Termination Event to pay certain amounts (each an "**Issuer Early Termination Amount**") to the Credit Protection Buyer. The amount of an Issuer Early Termination Amount is prescribed under the Credit Default Swap Agreement and varies according to the circumstances of the Credit Default Swap Transaction, as described further below.

Further, under the terms of the CDS Credit Support Document, upon an early termination of the Credit Default Swap Agreement, the Issuer will, in the event that the Credit Protection Buyer has over-collateralised its obligations be required to pay to the Credit Protection Buyer an amount equal to the value of any collateral (or the applicable part thereof) transferred by the Credit Protection Buyer to the Issuer pursuant to the Credit Default Swap Agreement that is in excess of the Credit Protection Buyer's liability to the Issuer. See "The Credit Default Swap Transaction – Early Termination Date" below.

The Credit Default Swap Agreement contemplates, however, a netting of payments between the Credit Protection Buyer and the Issuer on the same date, such that either the Credit Protection Buyer or the Issuer, depending on who owes the larger payment, will pay to the other the net amount due.

Eligibility Criteria

The Italian Loan and Italian Related Security is required to satisfy certain eligibility criteria (the "**Eligibility Criteria**") to remain covered by the Credit Default Swap Transaction. The Credit Default Swap Eligibility Criteria applicable to the Italian Loan and the Italian Related Security concern matters which relate to the origination thereof which are qualified by relation to the information in this Offering Circular and which, include, among other things, the following:

(a) the Italian Loan carries a right to payment of principal in an amount not less than the amount of the Credit Default Swap Collateral as at the Closing Date;

(b) interest is charged on the Italian Loan at such a rate as may be determined in accordance with the provisions of the Italian Credit Agreement;

(c) pursuant to the terms of the Italian Credit Agreement, neither the Italian Borrower nor any other obligor is entitled to exercise any right of set-off against the Originator in respect of any amount that is payable under any of the Italian Loan;

(d) the Italian Credit Agreement does not contain an obligation of the Italian Lender to make any further advances which remains unperformed on the Closing Date and no part of any advance pursuant to the Italian Credit Agreement has been retained by the Italian Lender pending compliance by the Italian Borrower or any other party with any other conditions;

(e) the Italian Facility Agent has, since the origination of the Italian Loan, kept or caused to be kept full and proper accounts, books and records showing all transactions, payments, receipts, proceedings and notices relating to the Italian Loans and which are complete and

accurate in all material respects. All such accounts, books and records are up to date and are held by, or to the order of, the Italian Facility Agent;

(f) each Italian Property constitutes investment or commercial property let predominantly for retail use;

(g) in relation to the Italian Security Agreements, the Italian Borrower had, as at the date of the relevant mortgage, subject to matters disclosed in the notarial report or, as the case may be, deed of mortgage in respect of such Italian Property, a good and valid title to that Italian Property and the Italian Borrower in respect of each Italian Property is the owner of such Italian Property;

(h) each Italian Property was, as at the date of the relevant Italian Security Agreement, held by the Italian Borrower free (save for any Related Security), from any encumbrances and any other matters which would materially adversely affect its title or the value for mortgage purposes set out in the valuation and the notarial report (including any Security Interest contained in or expressly permitted by any documentation relating to the Italian Loan or any leases relevant to such Italian Property);

(i) the Originator is not aware of any circumstances giving rise to a material reduction in the value of any Italian Property since the last annual review of the Italian Loan (being either written or verbal valuation) other than market forces affecting the values of properties comparable to the relevant Italian Property in the area where the relevant Italian Property is located;

(j) (i) the Italian Loan and the related Security Documentation constitutes a valid and binding obligation of, and is enforceable against, the Italian Borrower, subject only, in the case of mortgages required to be registered or recorded, to such registration or recording, and the pledges requiring to be notified to the underlying debtor, to such notification; (ii) each mortgage is a valid and subsisting substantially first ranking mortgage on the Italian Property to which such mortgage relates (subject to general principles of law limiting the same); (iii) subject as set out in (i) above, the Italian Lender has a good title to each mortgage at law and all things necessary to complete the Italian Lender's title to each mortgage have been done has been or will be duly done at the appropriate time or are in the process of being done; and (iv) the Italian Lender is the owner of the Italian Loan free and clear of any third party interests save as contemplated under the Italian Finance Documents;

(k) prior to advancing the Italian Loan, the relevant Italian Property or Italian Properties constituting security therefor were valued for the Italian Lender by a qualified surveyor or valuer and the principal amount advanced under such Italian Loan did not at the date of such advance exceed 76.5 per cent. of the amount of the valuation;

(l) as at the Closing Date: (i) to the best of the Originator's actual knowledge each Italian Property is covered by a buildings insurance policy maintained by the relevant Italian Borrowers or another person with an interest in the relevant Italian Property in an amount which is equal to or greater than such Italian Property's reinstatement value and (ii) the Originator has not received written notice that any such insurance policy is about to lapse on account of failure by the relevant entity maintaining such insurance to pay the relevant premiums;

(m) the Originator has not received written notice of the bankruptcy, liquidation, receivership, administration or a winding up or administrative order or dissolution made against the Italian Borrower;

(n) since the date of origination of the Italian Loan, no amount of principal or interest due from the Italian Borrower has, at any time, been more than 14 days overdue at the date hereof;

(o) the Originator is not aware of any material default, material breach or material violation under any documentation relating to any Italian Loan which has not been remedied, cured or waived;

(p) the Originator is not in breach of any of its material obligations under or in connection with the Italian Loan and so far as the Italian Lender is aware the Italian Borrower has not taken or has not threatened to take any action against the Italian Lender for any material failure on the part of the Italian Lender to perform any such obligations;

(q) the Originator has not received notice of any litigation or claim calling into question in any material way the Italian Lender's or the security trustee's title to any Italian Loan or its Related Security (including the relevant mortgage);

(r) as at the Closing Date, the Italian Lender has not received written notice of any default that has not been remedied or forfeiture of any occupational lease granted in respect of an Italian Property which would, in its opinion, render the relevant Italian Property unacceptable as security for the relevant Italian Loan in respect of that Italian Property;

(s) none of the provisions of the Italian Loan, any Italian Related Security (including the relevant mortgage) have been waived, altered or modified in any material respect since it was entered into except as set out in the Italian Finance Documents relating to such Italian Loan;

(t) to the best of the Originator's actual knowledge (having made no investigation of the Italian Borrower following origination of the Italian Loan made to it) there is no outstanding indebtedness in respect of the Italian Borrowers, other than: (i) the Italian Loan, (ii) debt which is fully subordinated to the Italian Loan and (iii) debt which is otherwise permitted under the terms of the Italian Credit Agreement;

(u) the Italian Loan is governed by Italian law; and

(v) each of the Italian Properties is situated in Italy.

If the Issuer becomes aware that any of the Credit Default Swap Eligibility Criteria were materially incorrect on the Closing Date, it shall, acting through the Servicer, notify the Originator of the same. If the Credit Protection Buyer does not remedy such breach within 90 days of receipt of notice, then an "**Eligibility Event**" shall occur. The consequences of the occurrence of an Eligibility Event are described in the section headed "Credit Default Swap Transaction Early Termination" below.

Neither the Issuer, the Security Trustee nor the Note Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant assets would normally make in relation to the Italian Loan or the Italian Related Security. In addition, neither the Issuer, the Security Trustee, nor the Note Trustee has made or will make any enquiry, search or investigation at any time in relation to compliance by any Originator or any other person with respect to the provisions of the Credit Default Swap Agreement or any other Transaction Document or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Italian Loan or the Italian Related Security.

In relation to all of the foregoing matters concerning the Italian Loan and the Italian Related Security and the circumstances in which the advances were made to the Borrowers, both the Issuer, the Security Trustee and the Note Trustee will rely entirely on the eligibility criteria relating to the Italian Loan and the Italian Related Security, being the Credit Default Swap Eligibility Criteria.

Servicing Criteria

The Servicing Criteria shall only apply if the Credit Protection Buyer is not the Italian Lender. The Servicing Criteria applicable to the Italian Loan in such circumstances are as follows:

(a) each of the servicer and the special servicer (if any) of the Italian Loan is an Approved Servicer;

(b) the servicing, collection and enforcement of each Italian Loan and the Italian Related Security has been carried out in accordance with the Servicing Requirements; and

(c) the terms of the servicing arrangements relating to the Italian Loan authorise and require the servicer and the special servicer to provide:

(i) the Calculation Agent, in a timely manner, with all the information necessary to perform its duties under the Credit Default Swap Agreement; and

(ii) the Cash Manager with such information as it may reasonably request from time to time for the purposes of enabling the Cash Manager to exercise its rights and discharge its obligations under the Cash Management Agreement.

For the purposes of the Servicing Criteria:

"**Approved Servicer**" means, the Servicer or any other person or entity that the Issuer confirmed is reasonably acceptable to it as the servicer or special servicer of the Italian Loan pursuant to the terms of the Credit Default Swap Confirmation.

"**Servicing Requirements**" means, in relation to any servicer and/or special servicer appointed after the Italian Loan is transferred by the Credit Protection Buyer, that in performing its obligations in respect of the Italian Loan, that such servicer and/or special servicer must act in accordance with servicing arrangements which are substantially similar to or incorporate by reference the corresponding requirements in the Servicing Agreement.

If the Issuer gives notice to the Credit Protection Buyer that there is a breach of the Servicing Criteria and such breach is not remedied within 90 days of the date on which it is received, then a "**Servicing Criteria Termination Event**" shall occur. For further information about the consequences of a Servicing Criteria Termination occurring, see "Credit Default Swap Transaction - Early Termination" below.

For the avoidance of doubt, pursuant to the Servicing Agreement the appointment of the Issuer as Italian Loan Primary Servicer and Italian Loan Primary Special Servicer, the appointment of the Servicer as Italian Loan Secondary Servicer and the appointment of the Special Servicer as Italian Loan Secondary Servicer will terminate if the Credit Protection Buyer is not the Italian Lender.

CDS Events of Default and CDS Termination Events

CDS Events of Default

Among other things, the occurrence of any of the following with respect to the Credit Protection Buyer constitutes an event of default under the Credit Default Swap Agreement:

(a) a payment default by the Credit Protection Buyer under the Credit Default Swap Agreement and where the amount is not paid following expiry of the grace period set out in the Credit Default Swap Agreement;

(b) a merger without assumption by the surviving entity of the obligations of the Credit Protection Buyer under the Credit Default Swap Agreement; and

(c) a bankruptcy event occurs in respect of the Credit Protection Buyer under the Credit Default Swap Agreement (a "**Bankruptcy Event**").

Among other things, the occurrence of a payment default by the Issuer under the Credit Default Swap Agreement, and where the amount is not paid following expiry of the grace period set out in the Credit Default Swap Agreement, and the occurrence of certain Bankruptcy events with respect to the Issuer will also constitute an event of default under the Credit Default Swap Agreement.

Any event of default under the Credit Default Swap Agreement constitutes a "**CDS Event of Default**". The occurrence of a CDS Event of Default has certain consequences as described below under "**Early Termination Date**".

CDS Termination Event

Among other things, the occurrence of a change in law making it unlawful for the Credit Protection Buyer to perform its obligations under the Credit Default Swap Agreement (an "**Illegality**") with respect to the Credit Protection Buyer constitutes a termination event under the Credit Default Swap Agreement and the occurrence of certain changes in tax law applicable to either party under the Credit Default Swap Agreement (a "**Tax Event**") with respect to each party constitutes a termination event under the Credit Default Swap Agreement.

Certain additional termination events (each an "**Additional Termination Event**") also apply under the Credit Default Swap Agreement as follows:

(a) in the event that the Note Trustee serves a Note Enforcement Notice (a "**Note Enforcement Termination**");

(b) in the event that the Cash Settlement Date has occurred and the Notes are redeemed in full pursuant to Condition 6(c) (*Redemption in Full for Tax or Other Reasons*) or Condition 6(e) (*Optional Redemption in Full*) (a "**Cash Settlement Termination**");

(c) in the event that the Issuer is entitled to terminate for the reasons set out in the "Ratings Downgrade Provisions" described below (a "**Downgrade Termination**");

(d) in the event that the Credit Protection Buyer has ceased to be the Italian Lender and the Credit Protection Buyer is notified that there is a material breach of the Servicing Criteria and such breach is not remedied within 90 days of the date on which the Credit Protection Buyer receives notification of the breach (a "**Servicing Criteria Termination**");

(e) in the event that the Credit Protection Buyer is notified by the Servicer that any of the Eligibility Criteria were materially incorrect on the Closing Date and such breach is not remedied within 90 days of the date on which the Credit Protection Buyer receives notification of the breach from the Servicer (a "**Eligibility Criteria Termination**");

(f) in the event that the Credit Protection Buyer notifies the Issuer that it wishes to terminate the Credit Default Swap Transaction (a "**Voluntary Termination**"); and

(g) in the event that a Cash Settlement Date has not occurred and the Notes are redeemed in full pursuant to Condition 6(c) (*Redemption in Full for Tax or Other Reasons*) or Condition 6(e) (*Optional Redemption in Full*) (a "**Pre-Cash Settlement Termination**").

Any termination event under the Credit Default Swap Agreement as described above constitutes a "**CDS Termination Event**". The occurrence of a CDS Termination Event also has certain consequences as described below under "Early Termination".

Early Termination

The occurrence of a CDS Event of Default or a CDS Termination Event will have certain consequences. The consequences vary depending on the nature of the CDS Event of Default or the CDS Termination Event that has occurred and fall into two categories, described below.

Servicing Criteria Termination, Eligibility Criteria Termination, Voluntary Termination or Pre-Cash Settlement Termination

Upon the occurrence of a Servicing Criteria Termination, an Eligibility Criteria Termination, a Voluntary Termination or a Pre-Cash Settlement Termination:

(a) if at that time, a Cash Settlement Date has not occurred, the Credit Default Swap Agreement will terminate and the Issuer will be entitled to apply the Credit Default Swap Collateral in accordance with the applicable Priority of Payments; or

(b) if, at that time, a Cash Settlement Date has occurred, the Credit Default Swap Agreement will terminate and the Issuer will be entitled to receive from the Credit Protection Buyer, the positive amount (if any) determined by subtracting (i) the sum of all Enforcement Proceeds paid to the Issuer at any time from (ii) the Cash Settlement Amount.

No other termination payments will be made to or received by either party other than in respect of Unpaid Amounts (as such term is defined in the Credit Default Swap Agreement) except that:

(a) upon the occurrence of a Voluntary Termination, a Servicing Criteria Termination or an Eligibility Criteria Termination:

(i) if at that time a Cash Settlement Date has not occurred, the Credit Protection Buyer will be required to pay to the Issuer the Credit Default Swap Income due on the Early Termination Date or if the Early Termination Date is not a Payment Date on the Payment Date following the Early Termination Date and the Issuer will be entitled to retain all Collateral Income;

(ii) if at that time a Cash Settlement Date has occurred, the Credit Protection Buyer will be required to pay to the Issuer:

(A) all Credit Default Swap Income not received by the Issuer as a result of the Credit Event occurring up to the Payment Date which falls on or immediately after the date on which the Credit Default Swap Transaction terminates; and

(B) all Collateral Income not received by the Issuer as a result of the Credit Event occurring up to the Payment Date which falls on or immediately after the date on which the Credit Default Swap Transaction terminates; and

(b) upon the occurrence of a Pre-Cash Settlement Termination, Credit Default Swap Income will be payable up to the Early Termination Date and the Issuer will be entitled to retain all Collateral Income irrespective of whether or not a Cash Settlement Date has occurred.

Other CDS Events of Default and CDS Termination Events

Upon the occurrence of a CDS Event of Default or a CDS Termination Event, other than in relation to a Servicing Criteria Termination, an Eligibility Criteria Termination, a Voluntary Termination or a Pre-Cash Settlement Termination, and in relation to paragraph (a)(ii) and paragraph (b)(ii) below upon the occurrence of certain specific events described therein:

(a) if at that time a Cash Settlement Date has not occurred, the Credit Default Swap Transaction will terminate and the Credit Protection Buyer will have the right, at its option, either:

(i) to allow the Issuer to apply the Credit Default Swap Collateral and other amounts standing to the credit of the Collateral Holding Account in accordance with the applicable Priority of Payments; or

(ii) provided that:

(A) it is legally possible to transfer the Italian loan to the Issuer at the time;

(B) the Credit Protection Buyer delivers to S&P notice of the occurrence of the relevant event and legal opinions satisfactory to S&P; and

(C) the relevant event is not a Downgrade Termination, a failure to pay by the Credit Protection Buyer (as more fully described under Section 5(a)(i) of the Credit Default Swap Agreement) or bankruptcy of the Credit Protection Buyer (as more fully described under Section 5(a)(vii) of the Credit Default Swap Agreement),

to assign or transfer to the Issuer a participation in the Italian Loan and the Italian Related Security equal to each Italian Lender's participation in the Italian Loan such that to the extent possible the Issuer is in the same position as the Credit Protection Buyer would have been in respect of its rights against the Italian Borrower had it retained the Italian Loan and the Italian Related Security and any amounts (including but not limited to security re-registration costs) needed by the Issuer to put it in substantially the same position as the Credit Protection Buyer would have been in respect of its rights against the Italian Borrower had it retained the Italian Loan and the Italian Related Security,

(b) if at that time a Cash Settlement Date has occurred and the relevant event is not a Servicing Criteria Termination, an Eligibility Criteria Termination, a Voluntary Termination, a Pre-Cash Settlement Termination, a Tax Event affecting the Credit Protection Buyer or an Illegality, the Issuer will have the right to elect not to terminate the Credit Default Swap Transaction. If the Issuer elects not to terminate the Credit Default Swap Transaction, the Credit Default Swap Transaction will continue, with both parties continuing to be bound. If, however, the Issuer elects to terminate the Credit Default Swap Transaction or the Issuer does not have the right to continue the Credit Default Swap Transaction, the Credit Default Swap Transaction will terminate and the Credit Protection Buyer will have the right, at its option:

(i) to pay to the Issuer an amount equal to the lowest of:

(A) positive amount (if any) determined by subtracting (i) the sum of all Enforcement Proceeds paid to the Issuer at any time from (ii) the Cash Settlement Amount;

(B) the principal amount outstanding of the Italian Loan at the date of termination of the Credit Default Swap Transaction; and

(C) an amount not less than the value of the Italian Properties securing the Italian Loan at that time, such value being determined by an Approved Valuer in accordance with the Credit Default Swap Agreement, or

(ii) provided that:

(A) it is legally possible to transfer the Italian loan to the Issuer at the time;

(B) the Credit Protection Buyer delivers to S&P notice of the occurrence of the relevant event and legal opinions satisfactory to S&P; and

(C) the relevant event is not a Downgrade Termination, failure to pay by the Credit Protection Buyer (as more fully described under Section 5(a)(i) of the Credit Default Swap Agreement) or bankruptcy of the Credit Protection Buyer (as more fully described under Section 5(a)(vii) of the Credit Default Swap Agreement),

to assign or transfer to the Issuer a participation in the Italian Loan and the Italian Related Security equal to each Italian Lender's participation in the Italian Loan such that to the extent possible the Issuer is in the same position as the Credit Protection Buyer would have been in respect of its rights against the Italian Borrower had it retained the Italian Loan and the Italian Related Security together with any Enforcement Proceeds which would have fallen due, following the Early Termination Date but prior to the date of such assignment or transfer but for the termination of the Credit Default Swap Transaction and any amounts (including but not limited to security re-registration costs) needed by the Issuer to put it in substantially the same position as the Credit Protection Buyer would have been in respect of its rights against the Italian Borrower had it retained the Italian Loan and the Italian Related Security.

The process of settlement is to be completed within three months of the occurrence of the relevant CDS Event of Default or Credit Default Swap Termination, as the case may be.

No other termination payment will be made to or required from either party other than (a) in respect of Unpaid Amounts and (b) the Credit Protection Buyer will be required to pay to the Issuer the Credit Default Swap Income due on the Early Termination Date.

Ratings Downgrade Provisions

The Credit Default Swap Agreement contains certain provisions (the "**Rating Downgrade Provisions**") which provide that certain consequences will occur if the credit ratings of the Credit Protection Buyer are below certain thresholds.

Initial Rating Event

If the Credit Protection Buyer's (a) long-term senior unsecured debt rating by Moody's is lower than "Aa3" or (b) short-term senior unsecured debt rating by Moody's is lower than "Prime-1" or (c) short-term senior unsecured debt rating by S&P is lower than "A-1+" or (d) short-term senior unsecured debt rating by Fitch is lower than "F1" or (e) long-term senior unsecured debt rating by Fitch is lower than "A+", an "**Initial Rating Event**" will occur in respect of the Credit Protection Buyer. If an Initial Rating Event occurs in relation to the Credit Protection Buyer for so long as it continues to be the Credit Protection Buyer it may at its sole option and expense:

(a) provide a guarantee, insurance policy, security interest or other agreement or instrument (a "**Third Party Credit Support Document**") whose terms provide for the support of the Credit Protection Buyer's obligations under the Credit Default Swap Agreement from a third party in favour of the Issuer; or

(b) transfer the Credit Protection Buyer's rights and obligations under the Credit Default Swap Agreement to another party,

provided that each person providing the Third Party Credit Support Document and each transferee (or its credit support provider) is not subject to an Initial Rating Event (this condition is referred to as, the "**Initial Rating Condition**" and a person satisfies the Initial Rating Conditions is an "**Acceptable Person**").

If,

(a) on or prior to the date that is 30 calendar days after the occurrence of an Initial Rating Event, the Credit Protection Buyer has not provided a Third Party Credit Support Document from an Acceptable Person or transferred its rights and obligations to an Acceptable Party; or

(b) the Credit Protection Buyer has provided a Third Party Credit Support Document but such Third Party Credit Support Document has ceased to be in effect and/or the Initial Rating Condition is no longer satisfied,

then, the Credit Protection Buyer will deliver Eligible Credit Support to the Issuer in accordance with the terms of, and as defined in, the CDS Credit Support Document, provided that such obligation to deliver Eligible Credit Support shall be discontinued in the event that the Credit Protection Buyer provides a Third Party Credit Support Document from an Acceptable Party.

If the Credit Protection Buyer fails to comply with these provisions then the Issuer shall be entitled to terminate the Credit Default Swap Agreement at no cost to itself provided that it can demonstrate to the Credit Protection Buyer that it has found a replacement counterparty willing to enter into a new transaction on terms that reflect as closely as reasonably possible (as the Issuer may, in its absolute discretion, determine) the economic and legal terms of the Credit Default Swap Agreement.

The Credit Protection Buyer is only obliged to comply with these provisions for so long as an Initial Rating Event is continuing with respect to the Credit Protection Buyer.

Subsequent Rating Event

If the Credit Protection Buyer's (a) long-term senior unsecured debt rating by Moody's is lower than "A3" or (b) short-term senior unsecured debt rating by Moody's is lower than "Prime-2" or (c) short-term senior unsecured debt rating by S&P is lower than "A-2" or (d) short-term senior unsecured debt rating by Fitch is lower than "F-2" or (e) long-term senior unsecured debt rating by Fitch is lower than "BBB+", a "**Subsequent Rating Event**" will occur in respect of the Credit Protection Buyer.

If a Subsequent Rating Event occurs in relation to the Credit Protection Buyer and is continuing, then the Credit Protection Buyer shall, prior to the date that is 30 calendar days after the occurrence of a Subsequent Rating Event, as its sole option and expense, either:

(a) to the extent that is has not already done so, provide a Third Party Credit Support Document from an Acceptable Person; or

(b) transfer the Credit Protection Buyer's rights and obligations under the Credit Default Swap Agreement to an Acceptable Person.

After the occurrence of a Subsequent Rating Event, for so long as the Credit Protection Buyer has provided a Third Party Credit Support Document which satisfies the Initial Rating Condition, then, it shall have no further obligation to deliver Eligible Credit Support under the CDS Credit Support Document.

If,

(a) on or prior to the date that is 10 calendar days after the occurrence of a Subsequent Rating Event, the Credit Protection Buyer has not provided a Third Party Credit Support Document with an Acceptable Person above or transferred its rights and obligations to an Acceptable Person, or

(b) the Credit Protection Buyer has provided a Third Party Credit Support Document with an Acceptable Person which has ceased to be in effect and/or to satisfy the Rating Agency Condition,

then, the Credit Protection Buyer will deliver Eligible Credit Support to the Issuer in accordance with the terms of, and as defined in, the CDS Credit Support Document provided that such obligation to deliver Eligible Credit Support shall be discontinued in the event that the Credit Protection Buyer provides a Third Party Credit Support Document with an Acceptable Person.

If the Credit Protection Buyer fails to comply with these provisions then the Issuer shall be entitled to terminate the Credit Default Swap Agreement provided that it can demonstrate to the Credit Protection Buyer that it has found a replacement counterparty willing to enter into a new transaction on terms that reflect as closely as reasonably possible (as the Issuer may, in its absolute discretion, determine) the economic and legal terms of the Credit Default Swap Agreement.

The Credit Protection Buyer is only obliged to comply with these provisions for so long as a Subsequent Rating Event is continuing with respect to the Credit Protection Buyer.

CDS Credit Support Document

The Issuer and the Credit Protection Buyer will enter into the CDS Credit Support Document which provides for the amount of credit support the Credit Protection Buyer is required to provide in the event that it is subject to an Initial Rating Event or Subsequent Rating Event and is required to deliver Eligible Credit Support.

The two main payment obligations that the Credit Protection Buyer is required to provide credit support for are:

(a) its obligation to pay Credit Default Swap Income to the Issuer (the "**Credit Default Swap Income Payment Obligation**"); and

(b) its obligation to pay Enforcement Proceeds to the Issuer (the "**Enforcement Proceeds Payment Obligation**"), each as described above under "Payments under the Credit Default Swap Agreement".

In respect of the Credit Default Swap Income Payment Obligation, the amount of credit support that the Credit Protection Buyer is required to provide is equal to (and no more than) an amount equal to the next two payments of Credit Default Swap Income.

In respect of the Enforcement Proceeds Payment Obligation, the amount of credit support that the Credit Protection Buyer is required to provide varies, depending on the "**Exposure**" that the Issuer has to the Credit Protection Buyer. For these purposes, Exposure is deemed to be:

(a) if no Cash Settlement Date, has occurred, zero;

(b) if a Cash Settlement Date has occurred and the Credit Protection Buyer is obliged to deliver Eligible Credit Support, as described above other than during the Eligibility Verification Period whilst paragraph (c) below applies in an amount equal to, the lesser of:

  (i) the Real Estate Value (or, where JPMorgan's short-term senior unsecured debt rating is lower than A-1 by S&P or Prime-1 by Moody's, the Real Estate Value multiplied by 1.15); and

  (ii) the greater of (x) the Cash Settlement Amount paid by the Issuer less the aggregate of each Enforcement Proceeds Amount paid by the Credit Protection Buyer and (y) zero.

(c) if a Cash Settlement Date has occurred and the Credit Protection Buyer is obliged to deliver Eligible Credit Support, as described above, during the Eligibility Verification Period until an EV Notice Date occurs, the Cash Settlement Amount.

For the purposes of the immediately preceding two sections:

"**Real Estate Value**" means, on any day, the value in euro of each Italian Property subject to a legal, valid, binding and enforceable security interest which secures the Italian Loan as set out in a valuation report obtained in accordance with the Credit Default Swap Agreement.

"Approved Valuer" means a valuer of commercial real estate assets appointed by the Issuer, having been chosen by the Credit Protection Buyer from a list of three such valuers nominated by the Issuer or if no such nominations are made by the Issuer, having been chosen by the Credit Protection Buyer.

"**Eligibility Verification Period**" means the period of 20 Business Days following a Cash Settlement Date.

"**EV Notice Date**" the date the Issuer notifies the Credit Protection Buyer whether or not it wishes to exercise its rights under Eligibility Criteria Termination.

Any amounts earned by way of interest or otherwise in respect of the credit support that the Credit Protection Buyer is required to provide shall be paid directly to the Credit Protection Buyer and shall not, for the avoidance of doubt, constitute a Miscellaneous Receipt or be treated as such.

SERVICING

Introduction

On the Closing Date, the Issuer will appoint GMAC Commercial Mortgage Servicing (Ireland), Limited and GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)) jointly (subject as otherwise mentioned in this section of this Offering Circular) as the Servicer and GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)) (subject as otherwise mentioned in this section of this Offering Circular) as the Special Servicer to act, in each case, as its agent to provide certain services in relation to the Assigned Loans and their Related Security in which it has an interest.

In addition, the Originator will appoint the Issuer as Italian Loan Primary Servicer and Italian Loan Primary Special Servicer to act in respect of the Italian Loan and its Related Security, save in relation to the provision of the Italian Loan Excluded Services. The Issuer, with the consent of the Originator, will delegate all of its servicing obligations as Italian Loan Primary Servicer and Italian Loan Primary Special Servicer in respect of the Italian Loan and its Related Security to the Servicer and Special Servicer respectively and so the Servicer and Special Servicer shall, in effect, provide services in respect of the Italian Loan in the same manner as in relation to the Assigned Loans. The obligation of the Issuer, the Servicer and the Special Servicer to provide the services described herein in respect of the Italian Loan will cease if the Originator ceases to be the owner of the Italian Loan.

The Originator and the Credit Protection Buyer will agree that for so long as the Servicer or Special Servicer has been appointed by the Issuer to perform the Issuer's obligations as Italian Loan Primary Servicer and Italian Loan Primary Special Servicer in respect of the Italian Loan and its Related Security in accordance with the Servicing Standard, then the Originator will have no recourse to the Issuer in its capacity as Italian Loan Primary Servicer and Italian Loan Primary Special Servicer for any breach by the Issuer of its obligations as Italian Loan Primary Servicer or Italian Loan Primary Special Servicer (including any responsibility the Issuer may have for any breach, act or omission by the Servicer or Special Servicer in respect of servicing and special servicing of the Italian Loan and its Related Security). However, the Italian Loan Primary Servicer shall not be responsible for providing the Italian Loan Excluded Services and accordingly the Originator will appoint the Servicer as the Italian Loan Secondary Servicer directly to perform the Italian Loan Excluded Services. All references hereafter to "Servicer" and "Special Servicer" shall, for the avoidance of doubt, be construed to include the Servicer and the Special Servicer in relation to their appointment in respect of the Assigned Loans and in relation to their appointment in respect of the Italian Loan, howsoever that appointment arises.

The Security Trustee will also be party to the appointment of the Servicer and the Special Servicer in accordance with its interests in the Loans.

The Servicer and Special Servicer shall perform the services under the Servicing Agreement in accordance with the following requirements:

(a) any and all applicable laws and regulations;

(b) the documents constituting the Loans, the Related Security and any connected documents (together, the "**Loan Documents**");

(c) the terms of the Servicing Agreement; and

(d) the Servicing Standard.

In the event of a conflict between each of those requirements, the Servicer or the Special Servicer shall follow the requirements in the order in which they appear above.

In performing their respective obligations under the Servicing Agreement, the Servicer and the Special Servicer must, as described above, act in accordance with the "**Servicing Standard**", which requires that the Servicer and the Special Servicer perform the services to be performed under the Servicing Agreement in accordance with the terms of the Servicing Agreement, the Credit

Agreements and the other Loan Documents, and in furtherance of and to the extent consistent with such terms, in accordance with the higher of the following standards:

(a) in the same manner in which, and with the same care, skill and diligence with which it services and administers similar commercial mortgage loans for other third-party portfolios; and

(b) the same care, skill and diligence which it would use if it were the owner of the Loans,

in each case, giving due consideration to the timely collection of all scheduled payments of principal and interest under any Loans or, if the Loans come into and continue in default, and if in the good faith and reasonable judgement of the Special Servicer, no satisfactory arrangements can be made for the collection of delinquent payments, the maximisation of the value of such Loans (taking into account, among other things, likelihood, timing and cost of recoveries), but, in either case, without regard to any potential conflicts of interest specified in the Servicing Agreement. In applying the Servicing Standard, neither the Servicer nor the Special Servicer shall have regard to, among other things, any fees or other compensation to which they may be entitled, any relationship they may have with a Borrower or the ownership of any Note by Servicer or Special Servicer or any affiliate thereof.

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

The obligations of GMAC Commercial Mortgage Servicing (Ireland), Limited and GMAC Commercial Mortgage Limited in their capacity as Servicer under the Servicing Agreement will be joint and several obligations provided that, to the extent that the activities required to be carried out by the Servicer constitute regulated investment activities under Irish law, the Servicer will be GMAC Commercial Mortgage Limited acting alone.

Payments from Borrowers

On each Loan Payment Date, the Servicer will calculate, to the extent it is able to do so in accordance with the relevant Credit Agreements, and will procure the withdrawal from the accounts of the relevant Borrowers, all amounts then due from the Borrowers under the relevant Credit Agreements. Such amounts will, having been withdrawn, be paid into the Collection Account, in the case of the Assigned Loans and in the case of the Italian Loan, such account of the Originator's as it shall specify for the purpose of receiving such payment.

Review and Reporting Requirements

The Servicer and the Special Servicer are both required, under the terms of the Servicing Agreement, to undertake various reviewing and reporting obligations in respect of the Loans and the Properties. The primary reviewing and reporting obligations are summarised below:

(a) the Servicer, or if a Loan is a Specially Serviced Loan, the Special Servicer shall, subject to the terms of the relevant Loan Documents, use efforts consistent with the Servicing Standard to obtain quarterly, annual and other periodic operating statements in respect of the Properties, as required by the terms of the Loan Documents, and rental receipt statements with respect to each of the Properties;

(b) the Servicer shall prepare:

  (i) a "**CMSA NOI Adjustments Worksheet**" for each Property, which it is required to periodically update on receipt of any annual reports; and

  (ii) a "**CMSA Operating Statement Analysis Report**" for each Property;

(c) the Servicer shall make available to the Cash Manager, the Calculating and Reporting Agent and such other persons as the Issuer reasonably requests, the following reports in relation to each Loan and its related Property or Properties:

(i) a "**CMSA Historical Liquidation Report**";

(ii) a "**CMSA Historical Loan Modification and Corrected Loan Report**";

(iii) a "**CMSA Comparative Financial Status Report**";

(iv) a "**CMSA Loan Set-up File**";

(v) a "**CMSA Loan Periodic Update File**";

(vi) a "**CMSA Property File**";

(vii) a "**CMSA Financial File**";

(viii) a "**Servicer Watchlist Report**"; and

(ix) a "**CMSA Delinquent Loan Status Report**".

The preparation and maintenance by the Servicer of all of the reports specified above shall be done in accordance with the standards of the Commercial Mortgage Securities Association ("**CMSA**"), to the extent applicable thereto, subject to such modifications as the Servicer considers appropriate in connection with preparing such reports in respect of the Loans Secured by Properties which are located in the Netherlands, Italy or Portugal.

Arrears and Default Procedures

The Servicer is required, under the terms of the Servicing Agreement, if it determines that an event of default has occurred in respect of a Loan, to give notice of the same to the relevant Borrower and any other party as required under the relevant Loan Documents. The Servicer shall also provide a copy of such notice to the Issuer, the Originator (in relation to the Italian Loan only), the Special Servicer and the relevant Operating Adviser, if appointed.

Following the occurrence of an event of default, the Servicer, or if the Loan is Specially Serviced Loan, the Special Servicer is authorised to determine, in accordance with the Servicing Standard, the best strategy for enforcing the rights, powers and discretions of (among others) the Issuer or the Originator, as the case may be, in relation to the relevant Loan and implementing such strategy. The objective of such strategy is to maximise recoveries in respect of the relevant Loan, in a manner consistent with the Servicing Standard.

Modifications to Loans and exercise of Discretion

The Servicer and, in certain circumstances, the Special Servicer, will be authorised to act on behalf of the Issuer in respect of the Assigned Loans being, as described above, Loans owned by the Issuer, and on behalf of the Originator in respect of the Italian Loan, being, as described above, the Loan owned by the Originator (for so long as the Originator is the holder of the Italian Loan) in relation to making modifications in relation to the contractual documentation relating to them or exercising certain discretions in relation to them under the contractual documentation.

To the extent that it is within the powers of a Lender, to do so under the relevant Credit Agreement, the Servicer or the Special Servicer, as the case may be, will be required to determine whether to agree to any request to waive, vary or amend the terms of the documentation relating to any Loan or its Related Security. In making any such determination, the Servicer or Special Servicer, as the case may be, must act in accordance with the Servicing Standard and must ensure that certain conditions which are specified in the Servicing Agreement are met before agreeing to any waiver, variation or amendment. There are, however, certain matters in respect of which neither the Servicer nor the

Special Servicer will not be permitted to grant any waiver, variation or amendment. Those relate to:

(a) a term requiring a further advance to be made under a Credit Agreement (other than a Property Protection Advance or an advance in relation to a Loan Hedging Shortfall);

(b) a waiver of any principal amount due under a Credit Agreement;

(c) a change to the margin payable by the relevant Borrower (excluding any change to the margin in circumstances contemplated by the relevant Credit Agreement) relating to a Loan;

(d) an extension of the Loan maturity date beyond the date falling three years prior to the relevant Final Maturity Date in relation to the Netherlands Loans and the Portuguese Loans and four years prior to the relevant Final Maturity Date in relation to the Italian Loan (other than as expressly provided in the Servicing Agreement); and

(e) a release of any Related Security (save as may be required by the Servicing Agreement in relation to the relevant Loan being prepaid).

Appointment of the Special Servicer

GMAC Commercial Mortgage Limited (trading as GMAC Commercial Mortgage Servicing (United Kingdom)) has agreed, as described above, to act initially as Special Servicer in respect of any Loan which becomes a Specially Serviced Loan.

If any of the following occurs with respect to a Loan:

(a) a payment default occurs on the Loan at its expected maturity date (or if the relevant Borrower exercises its right to extend the Loan, the applicable extended maturity date) and the Servicer or the Special Servicer, as applicable, does not extend the maturity of the Loan pursuant to the terms of the Servicing Agreement;

(b) any payment by the relevant Borrower on the Loan is greater than 60 days delinquent;

(c) the relevant Borrower has become subject to, entered into or consented to any insolvency, moratorium, administration, liquidation, receivership or similar procedures or proceedings;

(d) the Servicer, Special Servicer, Loan Facility Agent or Loan Security Trustee, as applicable, has received notice of enforcement or proposed enforcement of, or realisation upon, any other charge on the relevant Properties;

(e) the relevant Borrower notifies the relevant Loan Facility Agent, Loan Security Trustee, Servicer or Special Servicer, as applicable, in writing of its inability to pay its debts generally as they become due or enters into an assignment for the benefit of its creditors;

(f) except with respect to matters already addressed in clause (a) of this definition, the Servicer has received notice or has actual knowledge that the related Borrower is in default beyond any applicable notice and/or grace periods in the performance or observance of any of its obligations under the related loan documents, the failure of which to cure, in the reasonable business judgment of the Servicer, exercised in accordance with the Servicing Standard, is likely to materially and adversely affect the interests of the Noteholders; or

(f) a material Loan Event of Default in respect of any Loan occurring or, in the opinion of the relevant Loan Facility Agent, Loan Security Trustee or the Special Servicer, is likely to occur, and in the relevant Loan Facility Agent, Loan Security Trustee's or the Special Servicer's opinion is not likely to be cured within 60 days of its occurrence,

(each a "**Special Servicer Transfer Event**"), then the Loan will become a "**Specially Serviced Loan**" and the Special Servicer will assume certain servicing functions with respect to the Loan.

Upon the occurrence of a Special Servicer Transfer Event, the Servicer will notify the Issuer and the Note Trustee of such occurrence.

Notwithstanding the appointment of the Special Servicer in respect of a Loan, the Servicer will continue to have certain limited responsibilities relating to loan administration in respect of the Specially Serviced Loan, but will not be liable for the actions of the Special Servicer (if a person other than itself). These responsibilities relate primarily to the reviewing and reporting functions described above.

Rights and Powers of the Controlling Class

The holders of the Most Junior Class of Notes outstanding at any time who meet the Controlling Class Test as defined in Condition 18 (*Controlling Class*) at page 299 will be the "**Controlling Class**". Upon any reduction of the Principal Amount Outstanding of the Most Junior Class of Notes at any time to less than 25 per cent. of the original Principal Amount Outstanding of the Most Junior Class of Notes, the holders of the next Most Junior Class of Notes then outstanding will become the Controlling Class.

The Terms and Conditions of the Notes and the Servicing Agreement permit the Controlling Class to appoint an Operating Adviser to represent its interests. The appointment of an Operating Adviser will be deemed effective upon notification by the Controlling Class to each of the Servicer, the Special Servicer, the Issuer, the Security Trustee and the Note Trustee of the appointment of an Operating Adviser.

The power of the Controlling Class to appoint an Operating Adviser is independent of its right to require the Special Servicer to act in relation to a Loan following the occurrence of a Special Servicer Transfer Event.

The Operating Adviser and Controlling Class

The Operating Adviser or the Controlling Class by Extraordinary Resolutions will be entitled to require the Issuer (with the consent of the Note Trustee) or the Security Trustee, as the case may be, to terminate the appointment of the person then acting as Special Servicer and to use its reasonable endeavours to appoint a successor which is acceptable to the Operating Adviser or in the absence of an Operating Adviser, the Controlling Class and in respect of which each of the Rating Agencies then rating the Notes have delivered a written confirmation that the then current rating of the Notes will not be downgraded, suspended qualified or withdrawn as a result of such action (each such confirmation, a "**Rating Confirmation**".

The Servicer or Special Servicer will not, for at least five Business Days after notifying the Operating Adviser (if any has been appointed) of its intention to do so, agree to waive or amend any document relevant to a Loan in relation to which the Operating Adviser has been appointed if the effect of such waiver or amendment would be to:

(a) change the date on which any amount is due to be paid by a relevant Borrower or the timing of any payment;

(b) amend the principal amount or margin of the Loan;

(c) extend or reduce (except in connection with an acceleration of the relevant Loan) the Loan maturity date of the Loan;

(d) make a further advance in respect of a Loan;

(e) reduce or forgive the amount of any payment of interest or principal or any other payment due under the relevant Loan Agreement;

(f) permit a Borrower to incur any further indebtedness;

(g) change the currency of any payment due under the relevant Loan Agreement;

(h) release any Borrower from any of its obligations under or in respect of the Loan Agreement including without limitation any payment of interest or principal or release any Property from the security created in relation to the Related Security other than in circumstances contemplated by the Loan Agreement or any related documents entered into in relation to the Related Security;

(i) make an amendment to the Loan Documents relating to monetary terms or which the Servicer or, if at the relevant time the Loan is a Specially Serviced Loan, the Special Servicer, considers to be material;

(j) change the method of calculation of any payment;

(k) change the interest rate or timing of any payment of interest or principal;

(l) create additional security on the relevant Properties;

(m) appoint any third party in relation to any enforcement, modifications, waivers and amendments of the monetary terms of the Related Security in respect of the relevant Loan Agreement;

(n) release any security in respect of the relevant Properties;

(o) enforce the Related Security in respect of the relevant Loan;

(p) modifications, waivers and amendments of any monetary terms of the relevant Loan Agreement; and

(q) take any action in respect of any Property relating to or in connection with environmental issues.

With respect to any Loan which is Specially Serviced Loan, the Special Servicer or, to the extent it retains any servicing responsibility in relation to the relevant matters, the Servicer will be required to notify and consult with the Operating Adviser with respect to proposals to take any actions relating to the following with respect to a Specially Serviced Loan and to consider alternative actions recommended by the Operating Adviser:

(a) any modification of, or waiver with respect to the Credit Agreement or documents constituting the Related Security in respect of such Specially Serviced Loan that would result in the extension or shortening of its maturity date (other than extensions provided for in the related Credit Agreement);

(b) a reduction in such Specially Serviced Loan's interest rate or its quarterly payment;

(c) a waiver or reduction of interest on or principal of such Specially Serviced Loan;

(d) a modification or waiver of any other monetary term relating to such Loan;

(e) any action regarding the realisation of or comparable conversion (which may include acquisition of a Property) of the ownership of any collateral or any acquisition of a Property by surrender of title by a Borrower;

(f) substitution of a Property (to the extent the Lender has any discretion to approve or disapprove of such substitution under the related Credit Agreement);

(g) replacement of a property manager or managing agent (to the extent the Lender has any discretion to approve or disapprove of such replacement under the related Credit Agreement) or the appointment of any third party in relation to the enforcement;

(h) any determination not to enforce any provision of a the Credit Agreement or documents constituting the Related Security in respect of such Loan that requires the consent or waiver of the Lender in connection with:

(i) the sale or other transfer of an interest in the related Property,

(ii) the assumption of the Specially Serviced Loan by an entity other than the related Borrower,

(iii) the creation of any lien or other encumbrance on the related Property, or

(iv) any similar provision (unless such provision is not exercisable under applicable law or such exercise is reasonably likely to result in successful legal action by the related Borrower);

(i) any action to bring a Property into compliance with any applicable environmental laws; and

(j) the release of any security or of the Borrowers obligations in each case in relation to the relevant Credit Agreement:

The Operating Adviser will have five Business Days to respond to the Special Servicer or as the case may be, the Servicer. If the Operating Adviser does not respond within such five Business Days, the Special Servicer or as the case may be, the Servicer, may take whatever action it reasonably considers necessary without waiting to consult with the Operating Adviser. If the Special Servicer or, as the case may be, the Servicer does take any such action, it must notify the Operating Adviser of the action as soon as practicable and must consult with such Operating Adviser regarding any further action relating to such action that it considers should be taken in the interests of the Noteholders.

Notwithstanding the above, no right of an Operating Adviser to be notified or consulted in respect of any Loan shall:

(a) permit the Servicer on the Special Servicer to take any action which, in the good faith and reasonable judgment of the Servicer or the Special Servicer, would cause the Servicer or Special Servicer to violate the Servicing Standard or, in particular, any applicable law; or

(b) cause the Servicer or the Special Servicer to refrain from taking any action pending receipt of a response from the Operating Adviser if the Servicer or Special Servicer, in its good faith and reasonable judgment, determines that immediate action is necessary to comply with the Servicing Standard and, in particular, any applicable law,

and the taking of any action prior to the receipt of the Operating Adviser's approval thereof or in a manner which is contrary to the directions of, or disapproved by, the Operating Adviser shall not constitute a breach by the Servicer or the Special Servicer of its obligations under the Servicing Agreement so long as such action, taken by the Servicer or the Special Servicer, as applicable, acting in good faith and exercising reasonable judgment, was required by the Servicing Standard and any applicable law. Furthermore, without prejudice to the Servicer and the Special Servicer's obligations to act in accordance with the Servicing Standard and its obligations to take action in circumstances where the Servicing Agreement require it to do so, neither the Servicer nor the Special Servicer will be liable for the consequences of any delay caused by the compliance by the Servicer or, as the case may be, the Special Servicer with its obligations under the Servicing Agreement relating to consultation with the Operating Adviser.

Insurance

Under the terms of the Servicing Agreement:

(a) the Servicer or, in relation to a Specially Serviced Loan, the Special Servicer, shall monitor the compliance by the Borrowers of their obligations under the Credit Agreements in relation to the maintenance of insurance in respect of the Properties;

(b) the Servicer or, in relation to a Specially Serviced Loan, the Special Servicer, shall to the extent reasonably practicable (and consistent with the Servicing Standard), require the Borrowers to comply with their obligations under the Credit Agreements in relation to the maintenance of insurance in respect of the Properties; and

(c) the Servicer, or in relation to a Specially Serviced Loan, the Special Servicer may, among other things, in relation to any building insurance policy, pay unpaid insurance premia.

Delegation by the Servicer and the Special Servicer

Each of the Servicer and the Special Servicer may, in certain circumstances, without the consent of the Issuer, the Originator or the Security Trustee sub-contract or delegate its obligations under the Servicing Agreement. Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Servicing Agreement, the Servicer or the Special Servicer, as the case may be, will not be released or discharged from any liability thereunder and will remain responsible for the performance of its obligations under the Servicing Agreement by any sub-contractor or delegate.

However each of the Servicer and the Special Servicer may appoint an expert or professional adviser and will not be liable for acting on the advice of such person unless (i) it did not use reasonable care and skill, or acted fraudulently or negligently, in selecting the expert or professional adviser, or (ii) acted on advice which contained manifest error or manifestly was not authentic.

In the event that Servicer is required to perform regulated activities under Irish law it may delegate the performance of those activities to an affiliate and if the Servicer is required to perform any regulated activities under Italian law, the Servicer shall delegate the performance of those activities to a person who is duly organised.

Servicing Fee

Pursuant to the Servicing Agreement, the Issuer will pay to the Servicer on each Payment Date a fee (the "**Servicing Fee**") at the rate of 0.0475 per cent. per annum (plus VAT) of the aggregate outstanding principal balance of the Loans at the beginning of the Calculation Period to which that Payment Date relates. Following any termination of the appointment of GMAC Commercial Mortgage Limited or GMAC Commercial Mortgage Servicing (Ireland) Limited as Servicer, the Servicing Fee will be paid to any substitute servicer appointed; provided that the Servicing Fee may be payable to any substitute servicer with the prior written consent of the Security Trustee at a higher rate (but which rate does not, in any event, exceed the rate then commonly charged by providers of loan servicing services secured on commercial properties). For the avoidance of doubt, the Servicing Fee shall be payable in full to GMAC Commercial Mortgage Servicing (Ireland), Limited only and the Issuer shall not be responsible for any division of the Servicing Fee between GMAC Commercial Servicing (Ireland) Limited and GMAC Commercial Mortgage Limited.

Both before enforcement of the Notes and thereafter (subject to certain exceptions), the Issuer will pay the Servicing Fee in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments, as applicable, to the Servicer and will reimburse the Servicer for all costs and expenses incurred by the Servicer in the enforcement of a Loan and its Related Security. This order of priority has been agreed with a view to procuring the continuing performance by each of the Servicer and the Special Servicer of their duties in relation to the Issuer, the Security Trustee, the Loans, the Related Security and the Notes.

Special Servicing Fee and Liquidation Fee

Pursuant to the Servicing Agreement, if a Loan becomes a Specially Serviced Loan and the Special Servicer has been appointed to act in relation thereto, the Issuer is required to pay to the Special Servicer or, as the case may be, the Servicer, a fee (a "**Special Servicing Fee**"), in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, as applicable, equal to 0.18 per cent. per annum (plus VAT) of the outstanding principal amount of any Specially Serviced Loans relating to Properties in the Netherlands and in Portugal and 0.20 per cent. per annum (plus VAT) of the outstanding principal amount of any Specially Serviced Loan in Italy, for a period from (and including) the date such Loan is designated as a Specially Serviced Loan to (but

excluding) the earlier of:

(a) the date on which the Loan is repaid in full;

(b) the date of completion of Enforcement Procedures in respect of such Loan;

(c) the date on which a Final Recovery Determination is made with respect to such Loan; or

(d) the date on which the Loan is repurchased by the relevant Originator under the relevant Loan Sale Agreement, or purchased by a subordinated lender pursuant to any intercreditor agreement provided that such purchase by a subordinated lender occurs within 90 days of the Loan becoming a Specially Serviced Loan, immediately following the receipt of Liquidation Proceeds.

"**Final Recovery Determination**" means a determination by the Special Servicer with respect to a Loan that there has been a recovery of all Liquidation Proceeds and other payments or recoveries that, in the Special Servicer's judgement, which judgement was exercised without regard to any obligation of the Special Servicer to make payments from its own funds, will ultimately be recoverable, such judgement to be exercised in accordance with the Servicing Standard.

For the avoidance of doubt, the Servicing Fee will be payable in respect of any Specially Serviced Loan in respect of which the Special Servicing Fee is payable.

In addition to the Special Servicing Fee, the Issuer will be required to pay the Special Servicer or, as the case may be, the Servicer a fee (a "**Liquidation Fee**") in respect of a Specially Serviced Loan equal to one per cent. of the proceeds (net of costs and expenses of sale), if any, arising on the sale of the Property securing such Specially Serviced Loan (the "**Liquidation Proceeds**") (plus VAT, if applicable). The Liquidation Fee will be payable out of "**Principal Recovery Funds**", which means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of actions taken in accordance with the Enforcement Procedures in respect of a Loan and/or the Related Security on the Payment Date immediately following the receipt of such net proceeds, provided that no amount will be payable in respect of a Liquidation Fee in respect of (a) Liquidation Proceeds relating to the purchase of a Property relating to the Specially Serviced Loan or of the Specially Serviced Loan by the Servicer, the Special Servicer, any Noteholder or any affiliate of any of the foregoing or (b) Liquidation Proceeds relating to the purchase of a Loan by any subordinated lender pursuant to any buy out right under any intercreditor agreement (provided that such purchase by a subordinated lender occurs within 90 days of the Loan becoming a Specially Serviced Loan) or similar arrangement entered into in relation to any Loan or by the Originator.

The Issuer will also be required to pay the Special Servicer or the Servicer, as the case may be a fee (a "**Workout Fee**") with respect to any Specially Serviced Loan that becomes a "**Corrected Loan**", being a Specially Serviced Loan in respect of which no monetary Special Servicer Transfer Event has occurred for two interest periods and the facts giving rise to any other Special Servicer Transfer Event have ceased to exist and no other matter exists which would give rise to that Loan becoming a Specially Serviced Loan, for so long as such Loan remains a Corrected Loan. The Workout Fee will be calculated by application of the Workout Fee Rate equal to one per cent. per annum (plus VAT if applicable) to each collection of interest and principal received for so long as such Loan remains a Corrected Loan (the "**Workout Fee Rate**"). The Workout Fee will cease to be payable if a Corrected Loan again becomes a Specially Serviced Loan but will become payable again if and when a Loan again becomes (but only for the period that it is) a Corrected Loan.

Termination of Appointment of Servicer or Special Servicer

The appointment of the Servicer or the Special Servicer under the Servicing Agreement may be terminated by the Issuer or the Security Trustee (at the instruction of the Operating Adviser or in the absence of an Operating Adviser, the Controlling Class) or as applicable, the Servicer or the Special Servicer following a termination event, by voluntary termination or by automatic termination each as specified in the Servicing Agreement.

The Security Trustee may also terminate the Servicer's or Special Servicer's appointment under the

Servicing Agreement upon the occurrence of certain events of default in relation to the Servicer or as applicable, the Special Servicer in respect of that entity under the terms of the Servicing Agreement, including, among other things, a default in the payment on any Loan Payment Date of any amount required to be transferred from any account of any Borrower to the Collection Account which default continues for a period of five Business Days after the earlier of the Servicer or the Special Servicer, as the case may be, becoming aware of such default and receipt by the Servicer or the Special Servicer, as the case may be, of written notice by the Security Trustee requiring the same to be remedied, or, in certain circumstances, a default in performance of certain other covenants or obligations under the Servicing Agreement considered materially prejudicial to the interests of any class of Noteholders, or (subject to certain exceptions) in the event that an order is made or an effective resolution is passed for its winding up, or if it becomes insolvent. On the termination of the appointment of the Servicer or, as the case may be, the Special Servicer by the Security Trustee, the Security Trustee may, subject to certain conditions (including, but not limited to, the receipt of written confirmation from any two of the Rating Agencies then rating the Notes that the then current rating of the Notes will not be downgraded, suspended, withdrawn or qualified as a result thereof, unless otherwise agreed by an Extraordinary Resolution of separate class meetings of each class of the Noteholders), appoint a substitute servicer or, as the case may be, a substitute special servicer. If the appointment of the Special Servicer is terminated in respect of any Loan (otherwise than by reason of that Loan ceasing to be a Specially Serviced Loan) and a successor is not appointed in accordance with the Servicing Agreement, the Servicer will assume the rights and obligations of the Special Servicer in respect of the Servicing Agreement.

Each of the Servicer and the Special Servicer may terminate its appointment upon not less than three months' prior written notice to each of the other parties to the Servicing Agreement provided that a qualified substitute servicer or substitute special servicer, as the case may be, shall have been appointed and agreed to be bound by the terms of the Servicing Agreement (including, but not limited to, those provisions as to the fees, costs and expenses) and the Deed of Charge, such appointment to be effective not later than the date of termination of the Servicing Agreement, and provided further that any two of the Rating Agencies then rating the Notes have provided written confirmation that the then applicable ratings of the Notes will not be qualified, suspended downgraded or withdrawn as a result of such appointment, unless otherwise agreed by an Extraordinary Resolution at separate meetings of each class of Noteholders.

On termination of its appointment, the Servicer or the Special Servicer, as the case may be, will forthwith deliver to the Security Trustee or as the Security Trustee directs, all documents, information, computer stored data and moneys held by it in relation to its appointment as Servicer or Special Servicer, as the case may be, and will be required to take such further action as the Security Trustee may reasonably direct to enable the services of the Servicer or the Special Servicer, as the case may be, to be performed by a substitute thereof.

The Servicing Agreement will terminate automatically at such time as neither the Issuer, or the Originator in respect of the Italian Loan, has any further interest in any of the Loans or the Related Security or, if later, upon discharge of all of the liabilities of the Issuer to the Issuer Secured Creditors.

Third Parties relating to Enforcement

Pursuant to the Servicing Agreement, the Issuer and the Security Trustee have authorised the Servicer and the Special Servicer, as necessary, to give a third party appointed pursuant to the terms of the relevant Related Security for the purposes of enforcing the same, an indemnity provided that the indemnity is required by the third party as a condition of its appointment or continued appointment and reasonable endeavours to appoint a suitably qualified and experienced third party without the provision of such an indemnity have been taken by the Security Trustee (or the entity giving instructions to any such party) and provided further that the terms of any indemnity would be acceptable to a reasonably prudent lender of money secured on commercial property.

The Servicer or the Special Servicer (each acting in accordance with the Servicing Standard), as the case may be, and the Security Trustee are required to use their best endeavours to ensure that the third party appointed in respect of any Loan and/or Related Security sells the relevant Property as soon as reasonably possible after its appointment.

General

In addition to the duties described above, the Servicer is required under the terms of the Servicing Agreement to perform duties customary for a servicer of mortgage loans such as retaining or arranging for the retention of loan and property deeds and other documents in safe custody and software licensing and sub-licensing.

The Servicer or, if it has been appointed, the Special Servicer on behalf of the Issuer, or the Originator in respect of the Italian Loan, may agree to any request by a Borrower to vary or to amend certain terms of the relevant mortgage conditions, subject to any variation or amendment satisfying certain conditions set out in the Servicing Agreement.

Notwithstanding the foregoing, neither the Servicer nor the Special Servicer will be liable for any obligation of a Borrower under any Credit Agreement or any Related Security, have any liability to any third party for the obligations of the Issuer, the Security Trustee or the Note Trustee under the Notes or any of the documents listed under "General Information" at page 313 (the "**Relevant Documents**") or have any liability to the Issuer, the Security Trustee, the Note Trustee, the Noteholders or any other person for any failure by the Issuer to make any payment due by it under the Notes or any of the Relevant Documents unless such failure by the Issuer results from a failure by the Servicer or the Special Servicer, as the case may be, to perform its obligations in accordance with the terms of the Servicing Agreement.

The Italian Excluded Services

The Italian Excluded Services include certain matters relating to the Interest Rate Swap Agreement and the policies of insurance in respect of the Properties which as a matter of Irish law the Issuer, in its capacity as the Italian Loan Primary Servicer, may be prohibited from providing to the extent that the provision of such services would amount to a regulated activity.

ISSUER BANK ACCOUNT STRUCTURE

The Issuer's Bank Accounts

The Issuer has a total of three main bank accounts which will be opened on the Closing Date:

(a) the "**Collection Account**";

(b) the "**Class X Account**"; and

(c) the "**Stand-by Account**".

The characteristics and functions of each of these accounts (together, the "**Issuer Accounts**" and each an "**Issuer Account**") will be described in turn. In addition to the Issuer Accounts, the Issuer shall also have other accounts, namely (i) the "**Share Capital Proceeds Account**", into which the proceeds of the issuance of the share capital will be paid, (ii) the Class X Account into which the subscription proceeds of the Class X Note will be paid and (iii) the Collateral Holding Account, which will be used for holding the Credit Default Swap Collateral.

The Collection Account

The Collection Account will be used by the Issuer to receive all amounts paid to it which constitute Interest Receipts, Principal Receipts, Credit Default Swap, Interest Swap Receipts and Miscellaneous Receipts. All such receipts paid to the Issuer will be applied by the Cash Manager, on the Issuer's behalf in accordance with the terms of the Cash Management Agreement, to meet the Issuer's various payment obligations, both on each Payment Date. The Collection Account is therefore the main transaction account of the Issuer and will be the primary bank account which is used in relation to the issuance of the Notes.

The Class X Account

The Class X Account is used by the Issuer to hold the proceeds of the issuance of the Class X Note. The amounts credited to the Class X Account will be used by the Issuer to redeem the Class X Note in part on the first Payment Date and on the final Payment Date in accordance with Condition 6 (*Redemption and Cancellation*) at page 274. Any interest earned on the Class X Account, however, will payable to the Class X Noteholder as part of the Class X Rate of Interest.

The Stand-by Account

The Stand-by Account is used by the Issuer to hold the proceeds of any Liquidity Stand-by Drawing, which is made in accordance with the terms of the Liquidity Facility Agreement. Once funded, the Issuer will draw amounts from the Stand-by Account under circumstances when it would have made a Liquidity Drawing under the Liquidity Facility Agreement and will deposit amounts to the Stand-by Account under circumstance when it would have made a repayment of a Liquidity Drawing under the Liquidity Facility Agreement.

The Account Banks

The Collection Account and the Class X Account will be held by the Issuer at the Operating Bank, for so long as the ratings of the short term, unsecured and unguaranteed debt obligations of the Operating Bank do not fall below "F-1" by Fitch , "P-1" by Moodys or "A-1+" by S&P. If, at any time, the short term, unsecured, unguaranteed debt obligation of the Operating Bank falls below those thresholds, the Issuer will, under the terms of the Cash Management Agreement, be obliged, within 30 days of such downgrade, to close the relevant Issuer Accounts and open new accounts at a bank whose short term, unsecured, unguaranteed debt obligations satisfy these thresholds. Under these circumstances all amounts then credited to the Collection Account and to Class X Account will be transferred to the new accounts opened by the Issuer, which will, for all purposes thereafter be treated as the Collection Account and the Class X Account. In the event of such new accounts being opened, the new accounts will be included within the Issuer Security.

The Stand-by Account will be held by the Issuer at the Liquidity Facility Provider, for so long as the ratings of the short term, unsecured, unguaranteed debt obligations of the Liquidity Facility Provider do not fall below "F-1" by Fitch, "P-1" by Moodys or "A-1+" by S&P. If, at any time, the short term, unsecured, unguaranteed debt obligations of the Liquidity Facility Provider falls below these thresholds, the Issuer will, under the terms of the Liquidity Facility Agreement, be obliged, within 30 days of such downgrade, to close the Stand-by Account and open a new account at a bank whose short term, unsecured, unguaranteed debt obligations satisfy these thresholds which is expected to be the Operating Bank if it has the Required Ratings at the relevant time. Under these circumstances all amounts then credited to the Stand-by Account will be transferred to the new account opened by the Issuer, which will, for all purposes thereafter be treated as the Stand-by Account. In the event of such new account being opened, the new account will be included within the Issuer Security.

The Collateral Holding Account will be held by the Issuer at the Collateral Holding Bank, for so long as the ratings of the short term, unsecured, unguaranteed debt obligations of the Collateral Holding Bank do not fall below "F-1" by Fitch, "P-1" by Moodys or "A-1+" by S&P. If, at any time, the short term, unsecured, unguaranteed debt obligations of the Collateral Holding Bank falls below these thresholds, the Issuer will, under the terms of the Cash Management Agreement, be obliged, within 30 days of such downgrade, to close the Collateral Holding Account and open a new account at a bank whose short term, unsecured, unguaranteed debt obligations satisfy these thresholds. Under these circumstances all amounts then credited to the Collateral Holding Account will be transferred to the new account opened by the Issuer, which will, for all purposes thereafter be treated as the Collateral Holding Account. In the event of such new account being opened, the new account will be included within the Issuer Security.

Control of Issuer Security

All the Issuer Accounts will be controlled, prior to the occurrence of a Note Event of Default, by the Cash Manager and will be operated by it in accordance with the terms of the Cash Management Agreement. All the Issuer Accounts will be secured by the Issuer as part of the Issuer Security, and following the enforcement of the Issuer Security will be controlled by the Security Trustee and will be operated in accordance with the terms of the Deed of Charge. For the avoidance of doubt, security granted by the Issuer in respect of the Class X Account will be for the benefit of the holder of the Class X Note only.

CASH MANAGEMENT

Cash Manager

Pursuant to an agreement to be entered into on or about the Closing Date between the Issuer, the Servicer, the Special Servicer, the Note Trustee, the Security Trustee, the Cash Manager, the Calculating and Reporting Agent and the Operating Bank (the "**Cash Management Agreement**"), each of the Issuer and the Security Trustee will appoint:

(a) the Cash Manager to be its agent to provide certain cash management services in relation to, among other things, the Collection Account, as are more particularly described below; and

(b) the Calculating and Reporting Agent to provide certain calculation and reporting services as more particularly described below.

Each of the Cash Manager and Calculating and Reporting Agent will undertake with the Issuer and the Security Trustee in the Cash Management Agreement that in performing the services to be performed and in exercising its discretions thereunder, it will exercise the same level of skill, care and diligence as it would apply if it were the beneficial owner of the moneys to which the services it is required to perform relate and that it will comply with any directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of the Cash Management Agreement and the Deed of Charge.

Operating Bank and Issuer's Accounts

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain the Collection Account, the Class X Account and, if required, the Stand-by Account and such other bank or securities accounts as the Issuer may require from time to time, in the name of the Issuer. The Operating Bank has agreed, under the terms of the Cash Management Agreement, to comply with any direction of the Cash Manager, the Issuer or the Security Trustee to effect payments from the Collection Account, the Class X Account and the Stand-by Account (if it is opened with the Operating Bank) and any other Issuer Accounts opened and maintained with the Operating Bank, provided that such direction is made in writing and in accordance with the mandate governing the applicable account.

Calculation of Amounts and Payments

Under the terms of the Cash Management Agreement, the Calculating and Reporting Agent is required, on each Calculation Date, to categorise amounts then standing to the credit of the Collection Account into:

(a) Interest Receipts;

(b) Principal Receipts;

(c) Credit Default Swap Receipts;

(d) Interest Swap Receipts;

(e) Protected Receipts; and

(f) Miscellaneous Receipts,

and to so notify the Cash Manager and the Cash Manager shall make appropriate entries to the Interest Receipts Ledger, the Principal Receipts Ledger, the Credit Default Swap Receipts Ledger, the Interest Swap Receipts Ledger, the Protected Receipts Ledger and the Miscellaneous Receipts Ledger to reflect such amounts.

Prior to such categorisation, the Cash Manager will invest on a non-discretionary basis any amounts from time to time credited to the Collection Account in Eligible Investments. Such Eligible Investments shall mature prior to the Payment Date next following the date of the relevant investment so as to ensure that the Issuer has funds available to it, on each Payment Date, to meet its various payment obligations.

In the event that the Issuer requests a Liquidity Drawing on a date which is not a Payment Date and the Liquidity Stand-by Drawing has been made, the Cash Manager shall liquidate Eligible Investments made with amounts standing to the credit of the Stand-by Account to the extent necessary to ensure that on the date of the requested Liquidity Drawing the balance of the Stand-by Account is no less than equal to the amount of such Liquidity Drawing.

On each Payment Date, prior to the enforcement of the Issuer Security, the Cash Manager will apply the aggregate of the Interest Receipts, the Credit Default Swap Receipts, the Interest Swap Receipts and the Miscellaneous Receipts, together constituting Revenue Receipts, in accordance with the Pre-Enforcement Revenue Priority of Payments as described at page 46 and will apply the aggregate of Principal Receipts and Class X Account withdrawals (other than interest) in accordance with the Pre-Enforcement Principal Priority of Payments as described at page 41.

Liquidity Drawings

The Cash Manager will be party to the Liquidity Facility Agreement for the purposes of making Liquidity Drawings on behalf of the Issuer.

Ledgers

The Cash Manager will maintain the following ledgers in order to record receipts and payments by the Issuer:

(a) the Interest Receipts Ledger, which will be used by the Cash Manager to record all Interest Receipts and which will be updated by the Cash Manager on each Calculation Date (the "**Interest Receipts Ledger**");

(b) the Principal Receipts Ledger, which will be used by the Cash Manager to record all Principal Receipts, and which will be updated by the Cash Manager on each Calculation Date (the "**Principal Receipts Ledger**");

(c) the Credit Default Swap Receipts Ledger, which will be used by the Cash Manager to record all payments of Credit Default Swap Income, Collateral Income and releases of funds from the Credit Default Swap Collateral and will be updated by the Cash Manager on each Calculation Date (the "**Credit Default Swap Receipts Ledger**");

(d) the Interest Swap Receipts Ledger which will be used by the Cash Manager to record Interest Swap Receipts and will be updated by the Cash Manager on each Calculation Date (the "**Interest Swap Receipts Ledger**");

(e) the Protected Receipts Ledger, which will be used by the Cash Manager to record Protected Receipts and will be updated by the Cash Manager on each Calculation Date (the "**Protected Receipts Ledger**");

(f) the Miscellaneous Receipts Ledger, which will be used by the Cash Manager to record Miscellaneous Receipts and will be updated by the Cash Manager on each Calculation Date (the "**Miscellaneous Receipts Ledger**");

(g) the Liquidity Ledger which will be used by the Cash Manager to record Liquidity Drawings and repayments thereof (the "**Liquidity Ledger**");

(h) the Revenue Payments Ledger which will be used by the Cash Manager to record applications of Revenue Receipts and will be updated by the Cash Manager on each Payment Date (the "**Revenue Payments Ledger**");

(i) the Principal Payments Ledger which will be used by the Cash Manager to record application of Principal Receipts, and will be updated by the Cash Manager on each Payment Date (the "**Principal Payments Ledger**");

(j) the CPFM Maturity Cash Reserve Ledger which will be used to record the amounts from time to time credited to and debited from the CPFM Maturity Cash Reserve (the "**CPFM Maturity Cash Reserve Ledger**"); and

(k) the Interest Rate Swap Reserve Ledger; which will be used to record the amounts from time to time credited to and debited from the Interest Rate Swap Reserve (the "**Interest Rate Swap Reserve Ledger**").

In addition, the Cash Manager will maintain such other ledgers as the Issuer, the Security Trustee, the Servicer or the Special Servicer may from time to time request relating to other sources of funds available to or expenses of the Issuer.

Quarterly Report

Pursuant to the Cash Management Agreement, the Calculating and Reporting Agent has agreed to deliver to the Issuer, the Cash Manager, the Note Trustee, the Security Trustee, the Servicer and the Rating Agencies a report in respect of each Payment Date in which it will notify the recipients of, among other things, all amounts received in the Collection Account and payments made with respect thereto and all entries made in the relevant ledgers.

Reports to Noteholders

On each Payment Date, the Calculating and Reporting Agent will be required to provide or make available electronically to the Note Trustee, for the benefit of and on behalf of each Noteholder, the Servicer, the Special Servicer, the Managers, the Rating Agencies, the Issuer, and such financial market publisher as the Issuer may direct (which is anticipated to initially be Bloomberg, L.P.), if any, a statement (a "**Statement to Noteholders**") in respect of each class of Notes (other than the Class X Note), based upon information provided by the Servicer and the Special Servicer in accordance with the Servicing Agreement setting forth, among other things:

(a) the amount of the distribution on the relevant Payment Date to the holders of each class of Notes in reduction of the Principal Amount Outstanding of such class;

(b) the amount of the distribution on the relevant Payment Date to the holders of each class of Notes allocable to the interest due or overdue on such class;

(c) the aggregate amount of any drawings made under the Liquidity Facility Agreement in respect of the relevant Payment Date;

(d) the aggregate amount of compensation paid to the Note Trustee, the Security Trustee, the Cash Manager, the Modelling Agent, the Calculating and Reporting Agent, the Agent Bank, the Paying Agents, the Collateral Holding Bank, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Credit Protection Buyer, the Operating Bank, the Common Depositary, the Corporate Services Provider and the servicing compensation paid to the Servicer and the Special Servicer (and any other amounts due under the Priority of Payments) with respect to the Interest Accrual Period immediately preceding the relevant Payment Date;

(e) the principal balance of each Loan outstanding immediately before and immediately after the relevant Payment Date and the balance in the Collateral Holding Account;

(f) the remaining term to maturity of the Loans as of the end of the related Interest Accrual Period for the relevant Payment Date;

(g) the value of the Properties held as security for the Loans as at the Business Day immediately preceding the relevant Payment Date based on the most recent valuation of the Properties;

(h) the amounts available to the Issuer for distribution to the Noteholders by way of principal and interest for the Payment Date;

(i) the Rate of Interest for each class of Notes (other than Class X Note) for the relevant Payment Date;

(j) the Principal Amount Outstanding of each class of Notes immediately before and immediately after the relevant Payment Date;

(k) the fraction, expressed as a decimal carried to eight places, the numerator of which is the then related Principal Amount Outstanding for each class of Notes immediately following the Payment Date and the denominator of which is the related initial aggregate Principal Amount Outstanding for each class of Notes;

(l) the amount of any remaining unpaid interest shortfalls for each class of Notes as of the Payment Date;

(m) the amount and the type of principal prepayments occurring on the Loans since the previous Loan Payment Date (or in the case of the first Payment Date, as of the Closing Date) and, in the case of the Italian Loan, the corresponding amount released from the Collateral Holding Account in respect of such prepayment;

(n) if a liquidation of any Property has occurred since the previous Loan Payment Date (or in the case of the first Payment Date, as of the Closing Date) (other than a payment in full), the aggregate of all liquidation or enforcement proceeds which are included in the amounts to be distributed to Noteholders and other amounts received in connection with the liquidation (separately identifying the portion thereof allocable to distributions on the Notes) and if such liquidation or enforcement proceeds are received in respect of the Italian Loan, the amount of Enforcement Proceeds received by the Issuer (and, if applicable, the Italian Loan Sale Proceeds Amount);

(o) any interest on drawings paid to the Liquidity Facility Provider since the previous Payment Date (or in the case of the first Payment Date, as of the Closing Date);

(p) the original and then current credit support levels for each class of Notes;

(q) the original and then current ratings for each class of Notes;

(r) identification of any default actually known under the Loan Agreements, and of any default, Termination Event or Credit Event under the Credit Default Swap Agreement, as of the close of business on the last day of the month preceding the month in which the relevant Payment Date occurs and a summary description of any action taken since the last Statement to Noteholders;

(s) the entity appointed to act as Operating Adviser (if any);

(t) any termination payments made in accordance with the Credit Defaults Swap Agreement;

(u) any Cash Settlement Amounts or collateral paid in accordance with the Credit Default Swap Agreement;

(v) whether the interest due on the relevant Payment Date has breached certain amounts;

(w) the occurrence of a Credit Event; and

(x) NAI Amounts.

If necessary the Statement to Noteholder's delivered on each Payment Date will also include a reconciliation statement showing any differences between, *inter alia*, actual payments made and

Liquidity Drawings drawn on the preceding Payment Date and the amounts indicated in the preceding Statement to Noteholders in respect of such amounts. A separate report relating to the Class X Notes will be delivered to the Class X Noteholders on each Payment Date.

In addition, the Note Trustee will give Noteholders thirty days notice of any early redemption of the Notes.

Information Available Electronically

The Calculating and Reporting Agent will make available the Statements to Noteholders through its website which is initially located at www.ctslink.com. This internet website does not form part of the information provided for the purposes of this Offering Circular nor for the purpose of the application for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market.

In addition, the Calculating and Reporting Agent may make the "**CMSA Comparative Financial Status Report**", the "**CMSA Financial File**", the "**CMSA Historical Liquidation Report**", the "**CMSA Historical Loan Modification and Corrected Loan Report**", the "**CMSA Loan Periodic Update File**", the "**CMSA Loan Setup File**", the "**CMSA Property File**" and the "**Servicer Watchlist Report**" (collectively, the "**CMSA Investor Reporting Package**") related to the Loans available, to the extent that the Calculating and Reporting Agent receives the CMSA Investor Reporting Package from the Servicer. The CMSA Investor Reporting Package sets forth information with respect to the Loans and the Properties and will be in the form approved by the Commercial Mortgage Securities Association ("**CMSA**").

In the information referred to above, the amounts will be expressed as a euro amount in the aggregate for all Notes of each applicable class and for any Definitive Notes. In addition, within a reasonable period of time after each calendar year, the Calculating and Reporting Agent is required to make available through its website (as mentioned above), a statement containing the information set forth in (a) and (b) above under "Reports to Noteholders - Available Information", aggregated for the related calendar year for each class of Notes, together with any other information as the Note Trustee deems necessary or desirable or that a Noteholder reasonably requests, to enable Noteholders to prepare their tax returns for that calendar year.

The Cash Management Agreement requires that the Calculating and Reporting Agent (except for items (e) and (f) below, which will be made available by the Note Trustee) make available at its offices, during normal business hours, for review by any holder of a Note (including without limitation any prospective investor so identified by a beneficial owner or the Managers), the Originator, the Issuer, the Special Servicer, the Servicer, the Rating Agencies, or any other person to whom the Note Trustee believes the disclosure is appropriate, upon their prior written request, originals or copies of, among other things, the following items:

(a) the Servicing Agreement and any amendments to that agreement;

(b) all Statements to Noteholders made available to holders of the relevant class of Notes since the Closing Date;

(c) all accountants' reports delivered to the Cash Manager or the Calculating and Reporting Agent since the Closing Date;

(d) the most recent property inspection report prepared by or on behalf of the Servicer or the Special Servicer and delivered to the Calculating and Reporting Agent in respect of each Property;

(e) copies of the Asset Transfer Agreements;

(f) any and all modifications, waivers and amendments of the terms of any Loan entered into by the Servicer or the Special Servicer and delivered to the Note Trustee; and

(g) any and all statements and reports delivered to, or collected by, the Servicer or the Special Servicer from the Borrowers (or otherwise), including without limitation the most recent annual property operating statements, tenant schedules (rent rolls) and Borrower financial statements, but only to the extent that the statements and reports have been delivered to the Calculating and Reporting Agent.

Copies of any and all of the foregoing items will be available to those named in the above paragraph from the Calculating and Reporting Agent or the Note Trustee, as applicable, upon request; however, the Calculating and Reporting Agent or the Note Trustee, as applicable, will be permitted to require payment of a sum sufficient to cover the reasonable costs and expenses of providing the copies.

The Cash Management Agreement will require the Calculating and Reporting Agent, subject to certain restrictions (including execution and delivery of a confidentiality agreement) set forth in the Cash Management Agreement, to provide certain of the reports or access to the reports available as set forth above, as well as certain other information received by the Calculating and Reporting Agent, as the case may be, to any Noteholder, the Issuer, the Managers, the Rating Agencies, the Originator, Note Trustee, any holder of a Note or any prospective investor so identified by a beneficial owner or a Note or a Manager, that requests reports or information. However, the Calculating and Reporting Agent will be permitted to require payment of a sum sufficient to cover the reasonable costs and expenses of providing copies of these reports or information. Except as otherwise set forth in this paragraph, until the time Definitive Notes are issued, notices and statements required to be mailed to holders of Notes will be available to the beneficial owners of the Notes only to the extent they are forwarded by or otherwise available through Euroclear or Clearstream, Luxembourg, as applicable or for so long as the Notes are listed on the Irish Stock Exchange, at the Company Announcements office of the Irish Stock Exchange. Conveyance of notices and other communications by Euroclear or Clearstream, Luxembourg to their participants, and by participants to beneficial owners of the Notes, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Calculating and Reporting Agent will not make any representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any information made available by the Calculating and Reporting Agent for which it is not the original source.

Delegation by the Cash Manager and the Calculating and Reporting Agent

Each of the Cash Manager and Calculating and Reporting Agent may, in certain circumstances, without the consent of the Issuer or the Security Trustee, sub-contract or delegate its obligations under the Cash Management Agreement. Notwithstanding any sub-contracting or delegation of the performance of any of such obligations under the Cash Management Agreement, the Cash Manager or, as the case may be, the Calculating and Reporting Agent will not be released or discharged from any liability thereunder and will remain responsible for the performance of its obligations under the Cash Management Agreement by any sub-contractor or delegate.

Fees

Pursuant to the Cash Management Agreement, the Issuer will pay on each Payment Date: (a) to the Cash Manager, a cash management fee as agreed between the Cash Manager and the Issuer; (b) to the Calculating and Reporting Agent a calculating and reporting agent fee also agreed between the Calculating and Reporting Agent and the Issuer. The Issuer will also reimburse the Calculating and Reporting Agent, the Cash Manager and the Operating Bank for all out-of-pocket costs and expenses properly incurred by them in the performance of the services to be provided by them under the Cash Management Agreement as the Calculating and Reporting Agent, Cash Manager and Operating Bank, respectively. Any successor calculating and reporting agent, cash manager or operating bank, as the case may be, will receive remuneration on the same basis.

Amounts payable by the Issuer to the Calculating and Reporting Agent, the Cash Manager and the Operating Bank will be payable in accordance with and subject to the Pre-Enforcement Revenue Priority of Payments or, as applicable, the Post-Enforcement Priority Payments. This order of priority has been agreed with a view to procuring the continuing performance by each of the Calculating and

Reporting Agent, the Cash Manager and the Operating Bank of their duties in relation to the Issuer and the Security Trustee.

Termination of Appointment of the Cash Manager and Calculating and Reporting Agent

The appointment of HSBC Bank plc as Cash Manager under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Security Trustee. The Issuer or the Security Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things, (a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer in accordance with the Cash Management Agreement, or (b) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for a period of 15 Business Days after the earlier of the Cash Manager becoming aware of such default or receipt by the Cash Manager of written notice from the Security Trustee requiring the same to be remedied, or (c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administration or other receiver, examiner or similar official. On the termination of the Cash Manager by the Security Trustee, the Security Trustee may, subject to certain conditions, appoint a successor cash manager.

The appointment of Wells Fargo Securitisation Services Limited as Calculating and Reporting Agent under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Security Trustee. The Issuer or the Security Trustee may terminate the Calculating and Reporting Agent's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things, (a) a default in the performance of any of its duties under the Cash Management Agreement which continues unremedied for a period of 15 Business Days after the earlier of the Calculating and Reporting Agent becoming aware of such default or receipt by the Calculating and Reporting Agent of written notice from the Security Trustee requiring the same to be remedied, or (b) a petition is presented or a resolution passed for its winding up or the appointment of an administration or other receiver, examiner or similar official. On the termination of the Calculating and Reporting Agent's appointment by the Security Trustee, the Security Trustee may, subject to certain conditions, appoint a successor calculating and reporting agent. Each of the Cash Manager and the Calculating and Reporting Agent may resign from their respective duties under the Cash Management Agreement upon not less than three months' written notice of resignation to, among others, the Issuer, the Servicer and the Security Trustee provided that a suitably qualified successor Cash Manager shall have been appointed.

Termination of Appointment of the Operating Bank

The Cash Management Agreement requires that the Operating Bank be, except in certain limited circumstances, a bank which is an entity with a short-term unsecured, unguaranteed and unsubordinated debt obligations rating of at least "F-1" by Fitch, "P-1" by Moody's and "A-1+" by S&P (an "**Authorised Entity**"). If HSBC Bank plc ceases to be an Authorised Entity, the Operating Bank will give written notice of such event to the Issuer, the Servicer, the Special Servicer, the Cash Manager and the Security Trustee – The Issuer will use its reasonable endeavours to appoint a replacement operating bank which is an Authorised Entity within 30 days of receipt of such notice subject to having obtained the prior written consent of the Issuer, the Servicer, the Special Servicer and the Security Trustee to such appointment and subject to establishing substantially similar arrangements with the new operating bank to those contained in the Cash Management Agreement, procure the transfer of the Collection Account and each other account held by the Issuer with the Operating Bank to the new operating bank. If at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the accounts need not be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

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

THE LIQUIDITY FACILITY AGREEMENT

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider, the Cash Manager and the Security Trustee, whereby the Liquidity Facility Provider will provide a facility (the "**Liquidity Facility**") to the Issuer, which will permit drawings to be made by the Issuer or the Cash Manager on its behalf, in an initial amount of €36,600,000 which will decrease as the Principal Amount Outstanding of the Loans decreases over time (the amount of the commitment at any time being the "**Liquidity Commitment**").

The Issuer (or the Cash Manager on its behalf), or failing that, the Security Trustee, will be required to make a drawing to meet any shortfall, subject to the terms of the Liquidity Facility Agreement, in:

(a) (i) the amount of interest payable by a Borrower to the Issuer under any Assigned Loan;

(ii) prior to valid delivery of notice of a Credit Event, the amount payable by the Credit Protection Buyer to the Issuer the Credit Default Swap or on and after valid delivery of notice of a Credit Event, the amount of interest payable by the Italian Borrower to the Lender under the Italian Loan; and

(iii) prior to valid delivery of notice of a Credit Event, the amount payable to the Issuer by the Collateral Holding Bank in respect of the Collateral Income,

in each case to the extent of an Asset Shortfall (an "**Asset Drawing**"); and/or

(b) if so directed by the Servicer or Special Servicer, the amount required to be paid in connection with any operating expenses, insurance premia or ground rents due with respect to any Property or in connection with the costs and expenses of Netherlands Security Trustees or the Portuguese Security Trustee (a "**Property Protection Drawing**"); and/or

(c) the amount of funds available to the Issuer to pay expenses due to third parties and Periodic Fee Parties on any date (an "**Expenses Drawing**"); and/or

(d) if so directed by the Servicer or Special Servicer, the amount required to be paid under the Loan Hedging Arrangements to the extent of any Loan Hedging Shortfall (a "**Loan Hedging Drawing**")

An Asset Drawing, a Property Protection Drawing, an Expenses Drawing and a Loan Hedging Drawing are collectively referred to as "**Liquidity Drawings**" and each as a "**Liquidity Drawing**".

A "**Loan Hedging Shortfall**" is equal to the difference between (a) the total net amount required to be paid by a Borrower under a Loan Hedging Arrangement on a Loan Payment Date and (b) the amount available to that Borrower to make the payment referred to in (a).

An "**Asset Shortfall**" is equal to

(a) in relation to an Asset Drawing of the type described in paragraph (a)(i) of the definition of Asset Drawing, the difference between:

(i) the total amount of interest (including any mandatory costs or increased costs) due on each Assigned Loan owned by the Issuer on its most recent Loan Payment Date and

(ii) the total amount of interest (including any mandatory costs or increased costs) received on such Assigned Loan on such Loan Payment Date; plus

(b) in relation to an Asset Drawing of the type described in paragraph (a)(ii) of the definition of Asset Drawing:

(i) prior to valid delivery of a Credit Event Notice, the difference between:

(A) the total amount of Credit Default Swap Income due from the Credit Protection Buyer to the Issuer on that Payment Date (including any amount which would be payable but for the occurrence of a Potential Payment failure); and

(B) the total amount of Credit Default Swap Income received by the Issuer from the Credit Protection Buyer on such Payment Date and, for the avoidance of doubt, any amounts received by the Issuer in discharge of the Credit Protection Buyer's obligation to pay such Credit Default Swap Income as a result of the operation of the arrangements under CDS Credit Support Document; or

(ii) after valid delivery of a Credit Event Notice the difference between:

(A) the total amount of interest (including any mandatory costs or increased costs) payable by the Italian Borrower to the Lender under the Italian Loan; and

(B) the total amount in respect of interest (including any mandatory costs or increased costs) received by the Issuer in respect of Enforcement Proceeds in the most recent Interest Accrual Period; plus

(c) in relation to an Asset Drawing of the type described in paragraph (a)(iii) of the definition of Asset Drawing, the difference between;

(i) the total amount of Collateral Income due to the Issuer from the Collateral Holding Bank on the most recent Italian Payment Date (calculated without taking into account any Accrued Interest Payment payable to the Credit Protection Buyer); and

(ii) the actual amount of Collateral Income received by the Issuer on the most recent Italian Payment Date.

Asset Drawings are, among other things, intended to cover shortfalls of interest on the Notes that would otherwise arise because of the occurrence of an Asset Shortfall.

Property Protection Drawings

If on any date (a) any Borrower has failed to pay on a timely basis (i) taxes, assessments, ground rent and insurance premia relating to a Property and/or (ii) the costs and expenses of any of the Netherlands Security Trustees and/or the Portuguese Security Trustee or (b) collections are insufficient to pay such amounts before a penalty arises or a termination date occurs, the Servicer or, as the case may be, the Special Servicer will be entitled (but not obliged) to request that the Issuer or the Cash Manager on its behalf or failing that the Security Trustee, make a Property Protection Drawing under the Liquidity Facility Agreement.

The Servicer or Special Servicer will not request any Property Protection Drawing unless in its reasonable opinion the Property Protection Drawing is not likely to be come a non-recoverable advance and it is unlikely that the relevant amount will be paid before a penalty is occurred.

Loan Hedging Drawings

If a Loan Event of Default has occurred the Special Servicer, or as the case may be, the Servicer may request that the Issuer (or the Cash Manager on its behalf), or failing that the Security Trustee procure the requisition of a Loan Hedging Drawing in respect of any Loan Hedging Shortfall which has arisen under a Loan. If the Servicer or Special Servicer, as the case may be, elects to request the Loan Hedging Drawing, the Issuer, the Cash Manager or the Security Trustee, as the case may be, shall make the principal amount of the Loan Hedging Drawing available to the Servicer or, as the case may be, the Special Servicer to be applied in payment of the relevant Borrower's obligations under the Loan Hedging Arrangement in respect of which the Loan Hedging Shortfall arose.

If a Loan Hedging Shortfall arises the Servicer or, as the case may be, the Special Servicer will not be obliged to request the Issuer, the Cash Manager or the Security Trustee to procure, a Loan Hedging Drawing and may not make such a Loan Hedging Drawing request unless:

(a) in its reasonable opinion, acting in accordance with the Servicing Standard, the expense of making such Liquidity Drawing would be to the benefit of the Noteholders as a collective whole; and

(b) the relevant Loan Hedging Drawing is not in the reasonable opinion of the Servicer or Special Servicer, as the case may be, likely to become a non-recoverable advance.

Liquidity Drawings

Property Protection Drawings and Expenses Drawings may be drawn on any Business Day. Loan Hedging Drawings may be drawn on Loan Payment Dates only. All other Liquidity Drawings may also be drawn on Payment Dates only.

Each Liquidity Drawing will be repayable on each Payment Date next following the date of such Liquidity Drawing was made, in all cases in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be. In the event that such drawings are not repaid on the relevant Payment Date next following the date of the relevant drawdown, such amount outstanding under the Liquidity Facility Agreement will be deemed to be repaid (but only for the purposes of the Liquidity Facility Agreement) and redrawn on such Payment Date in an amount equal to such amounts outstanding. This procedure will be repeated on each subsequent Payment Date, up to the amount of the Liquidity Commitment, until all amounts outstanding are paid and/or repaid, as the case may be.

Liquidity Drawings shall bear interest at a per annum rate equal to the sum of EURIBOR (as determined in relation to the Notes) plus the liquidity margin plus any applicable mandatory costs.

No Liqudity Drawings will be available after the occurrence of an event of default under the Liquidity Facility Agreement and upon such event, all outstanding Liquidity Drawings shall be repayable.

Stand-by Drawings

The Liquidity Facility Agreement will provide that if at any time the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider fail to have a rating of at least "A-1+" by S&P, "F1" by Fitch and "P-1" by Moody's and the long-term, unsecured, unguaranteed and unsubordinated debt obligations of the Liquidity Facility Provider fail to have a rating of "A+" by S&P, "AA" by Fitch and "Aa2" by Moody's, (the "**Requisite Rating**"), or the Liquidity Facility Provider refuses to extend the commitment period of the Liquidity Facility, then the Issuer will require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the "**Stand-by Account**") maintained with an appropriately rated bank an amount (a "**Stand-by Drawing**") equal to its undrawn commitment under the Liquidity Facility Agreement. In the event that the Issuer makes a Stand-by Drawing, the Cash Manager shall invest such funds standing to the credit of the Stand-by Account from time to time in certain Eligible Investments.

In the event that a Stand-by Drawing is made, the Issuer will continue to pay a commitment fee that would have been paid had the Stand-by Drawing not been made to the Liquidity Facility Provider calculated by reference to the amount of the Stand-by Drawing which has not been utilised as a Liquidity Drawing. The Issuer will also pay to the Liquidity Facility Provider an amount equal to the return earned on Eligible Investments made with any Stand-by Drawing.

Amounts standing to the credit of the Stand-by Account will be available to the Issuer for drawing in circumstances where the Issuer would have been entitled to make a Liquidity Drawing as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement. If such amounts are drawn interest will accrue at the rate applicable to Liquidity Drawings and commitment fee will cease to be payable in respect of such drawn amounts.

"**Eligible Investments**" means investments made in any one of the following categories of investment

in the following order and in the following circumstances:

(a) euro denominated liquidity funds and or money market funds, demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper); provided that the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated "A-1+" by S&P, "F1" by Fitch and "A1" by Moody's or, if no such investment is available in the market;

(b) euro denominated government securities or, if no such investment is available in the market; or

(c) such investments as are otherwise acceptable to any two of the Rating Agencies then rating the Notes if the deposits are to be held in such account 30 days or more and the short-term debt obligations of which have a short-term rating of not less than "A-1+" from S&P, "F1+" from Fitch and "P-1" from Moody's, if the deposits are to be held in such account for less than 30 days or such other account or accounts with respect to which any two of the Rating Agencies shall have provided a Rating Confirmation,

provided that in all cases such investments will mature at least one business day prior to the next Payment Date.

Priority

All payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of Liquidity Subordinated Amounts) will rank ahead of payments of interest on the Notes.

Appraisals and Valuations

Not later than the earliest to occur of:

(a) the date 120 days after the occurrence of any non-payment with respect to a Loan if such non-payment remains uncured;

(b) the date 90 days after an order is made or an effective resolution is passed relating to the insolvency of a Borrower provided such order, resolution or appointment is still in effect;

(c) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of a Loan, other than the extension of the date that a final principal payment is due for a period of less than six months;

(d) the date 30 days following the date a Loan becomes a Specially Serviced Loan,

the Servicer or, if it has been appointed in relation to a Loan, the Special Servicer, is required to obtain a valuation by an independent valuer (being a member of a nationally recognised surveying or property valuation body in the country in which the relevant Property is located) of the Property or Properties securing that Loan. However, the Servicer or, as applicable, the Special Servicer will not be obliged to obtain such a valuation if a valuation has been obtained during the immediately preceding 12 months.

As a result of such appraisal or internal valuation, an "**Appraisal Reduction**" may be created, being an amount:

(a) in the case of a Loan whose related Property or Properties is the subject of an appraisal by an internationally recognised firm of Chartered Surveyors, calculated as of the first Calculation Date that is at least 15 days after the date on which the appraisal or valuation is obtained or performed, equal to the excess, if any, of (A) the sum of the outstanding principal balance of such Loan, all unpaid interest on such Loan, all Asset Drawings in respect of such Loan and interest accrued thereon, all currently due and unpaid taxes and assessments (net of any amount escrowed for such items), insurance premiums, all amounts payable by the Issuer in

respect of swap breakage costs or otherwise in respect of any Interest Rate Swap Agreement and, if applicable, ground rents in each case in respect of the relevant Property, over (B) 90 per cent. of the appraised value of such Property as determined by such appraisal or valuation; or

(b) in the case of a Loan whose related Property is the subject of an internal valuation, equal to the greater of (i) the amount calculated in accordance with paragraph (a) above, and (ii) 25 per cent. of the then outstanding principal balance of the relevant Loan.

An Appraisal Reduction will be reduced to zero as of the date that the relevant Loan is brought current under the then current terms of the relevant Credit Agreement for at least three consecutive months, paid in full, liquidated, repurchased or otherwise disposed of.

The prepayment or repayment of any Loan or the creation of an Appraisal Reduction will proportionately reduce the amount available to be drawn by way of Liquidity Drawings under the Liquidity Facility Agreement (by reducing the Liquidity Commitment to take account of the principal amount outstanding or, as applicable the reduction (if any) in notional principal on the relevant Loan) provided that at no time shall the Liquidity Commitment be reduced to an amount which is less than (a) if aggregate Principal Amount Outstanding of the Notes is equal to or more than €260,000,000, nine per cent of the then aggregate Principal Amount Outstanding of the Notes and (b) if the aggregate Principal Amount Outstanding of the Notes is less than €260,000,000 the higher of (A) €3,375,000 and (B) the sum of 10.6 per cent. of the then outstanding principal balance of the Netherlands Loans, plus 15 per cent. of the then outstanding principal balance of the Portuguese Loan, plus 20 per cent. of the then outstanding principal balance of the Italian Loan. For the avoidance of doubt, if the amount determined as a result of the above calculation is greater than the Liquidity Commitment on the date of calculation, the Liquidity Commitment shall remain unchanged until the next date when such calculations are performed.

THE INTEREST RATE SWAP AGREEMENT

On or before the Closing Date, the Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Provider and the Interest Rate Swap Transactions pursuant thereto (each as described below).

The Issuer will enter into an interest rate swap transaction in respect of each Assigned Loan and the Credit Default Swap (each an "**Interest Rate Swap Transaction**"), pursuant to the Interest Rate Swap Agreement, with the Interest Rate Swap Provider.

The Interest Rate Swap Transaction in respect of the Portuguese Loan is intended to provide the Issuer with hedging protection against Fixed-Floating Risk and Basis Risk in the following manner. On the Business Day immediately prior to each Payment Date, the Issuer will pay the Interest Rate Swap Provider an amount equal to the excess (if any) of the fixed rate payable in respect of the Portuguese Loan for the interest accrual period (in respect of the Portuguese Loan) ending on the Portuguese Payment Date immediately preceding that Payment Date ("**X1**") over an amount equal to EURIBOR plus a margin calculated in accordance with the conditions of the Notes for the Interest Accrual Period ending on that Payment Date ("**Y1**") and the Interest Rate Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y1 over X1.

The Interest Rate Swap Transactions in respect of the Netherlands Loans are intended to provide the Issuer with protection against Basis Risk in the following manner. On the Business Day immediately prior to each Payment Date, the Issuer will pay the Interest Rate Swap Provider an amount equal to the excess (if any) of EURIBOR plus a margin calculated for the interest accrual period under, and in accordance with, the relevant Netherlands Loan ending on the relevant Netherlands Payment Date immediately preceding that Payment Date ("**X2**") over an amount equal to EURIBOR plus a margin calculated in accordance with the conditions of the Notes for the Interest Accrual Period ending on that Payment Date ("**Y2**") and the Interest Rate Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y1 over X2.

The margin over EURIBOR used in the calculation of X2 in the Interest Rate Swap Transaction in respect of the Randstad Loan will be the minimum margin payable by the Borrower under the Randstad Loan. The Issuer will establish a reserve in the Collection Account on the Closing Date in an amount of €700 which it will use to fund any shortfall arising as a result of the fact that the margin under the Interest Rate Swap Transaction related to the Randstad Loan is based on the minimum margin payable under the Randstad Loan (the "**Interest Rate Swap Reserve**"). If in respect of any Payment Date the accrual period applicable to the Randstad Loan is greater than the corresponding Interest Accrual Period in respect of the Notes, the Issuer will fund the Interest Rate Swap Reserve, in an amount which does not exceed €2000 or any Payment Date. On the Payment Date on or following the earlier of (a) repayment on prepayment in full of the Randstad Loan or (b) termination of the Interest Rate Swap Transaction in respect of the Randstad Loan or (c) the preceding accrual period in respect of the Randstad Loan is less than the corresponding Interest Accrual Period in respect of the Notes (each an "**Interest Rate Swap Reserve Release Condition**" and together the "**Interest Rate Swap Reserve Release Conditions**"), the Issuer will in the case of Interest Rate Swap Reserve Release Conditions (a) and (b) apply the amount of Interest Rate Swap Reserve as an Interest Receipt in accordance with the Pre-Enforcement Revenue Priority of Payments and in the case of Interest Rate Swap Reserve Release Condition (c) will apply an amount up to €2000 calculated on the basis of the difference between the two accrual periods as an Interest Receipt in accordance with Pre-Enforcement Revenue Priority of Payment. The Interest Rate Swap Reserve will be maintained within the Collection Account.

The Interest Swap Transaction in respect of the Credit Default Swap Transaction is intended to provide the Issuer with protection against Basis Risk in the following manner. In relation to:

(a) the Credit Default Swap Income, the Issuer will pay the Interest Rate Swap Provider an amount equal to the excess (if any) of the fixed rate payable in respect of Credit Default Swap Income and the interest accrual period in respect of the Italian Loan ("**X3**") and the fixed rate payable in respect of Credit Default Swap Income for the corresponding Interest Accrual Period in respect of the Notes ("**Y3**") and the Interest Rate Swap Provider will pay the Issuer the excess (if any) of Y3 over X3; and

(b) the Collateral Income, the Issuer will pay the Interest Rate Swap Provider an amount equal to the excess (if any) of EURIBOR in respect of the Collateral Income calculated for the interest accrual period in respect of the Italian Loan ("**X4**") and EURIBOR in respect of the Notes calculated for the corresponding Interest Accrual Period ("**Y4**") and the Interest Rate Swap Provider will pay the Issuer the excess (if any) of Y4 over X4.

The Interest Rate Swap Transactions may be terminated in accordance with certain termination events and events of default, some of which are more particularly described below.

Subject to the following, the Interest Rate Swap Provider is obliged only to make payments under the Interest Rate Swap Transactions to the extent that the Issuer makes the corresponding payments thereunder. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Interest Rate Swap Transactions will constitute a default thereunder and entitle the Interest Rate Swap Provider to terminate the Interest Rate Swap Transactions.

The Interest Rate Swap Provider will be obliged to make payments under the Interest Rate Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Interest Rate Swap Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required. The Issuer is not required to make payments to the Interest Rate Swap Counterparty without any deduction for or on account of any tax.

The Interest Rate Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority, action brought in a court of competent jurisdiction or any change in tax law, either party will, or there is a substantial likelihood that it will, on the next date on which a certain payment or delivery is to be made under the Interest Rate Swap Agreement, be required to pay additional amounts in respect of tax under the Interest Rate Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (a "**Tax Event**"), such party will use its reasonable efforts to transfer its rights and obligations to another of its offices or affiliates to avoid the relevant Tax Event. If no such transfer can be effected, the Interest Rate Swap Agreement and the relevant Interest Rate Swap Transaction may be terminated. The Interest Rate Swap Agreement will contain certain other termination events and events of default which will entitle either party to terminate the Interest Rate Swap Agreement. In the event that the Portuguese Loan is repurchased by the Originator pursuant to a Portuguese Loan Sale Agreement, the Interest Rate Swap Transactions relating to the Portuguese Loan, as the case may be, will not be terminated, but the rights and obligations of the Issuer under the Interest Rate Swap Transactions will, in accordance with the terms of the Interest Rate Swap Agreement, be transferred to such person as the Originator shall request.

Interest Rate Swap Provider Downgrade Event

If, to the extent that the Interest Rate Swap Counterparty's relevant obligations do not have the required ratings set out in the Interest Rate Swap Agreement (the "**Requisite Ratings**"), then the Interest Rate Swap Counterparty must, within 30 days of the announcement of the downgrade, and for so long as it does not have the Requisite Ratings, at its own cost, either:

(a) procure a guarantee of its obligations under the Interest Rate Swap Agreement by a third party with the Requisite Ratings;

(b) transfer all of its obligations under the Interest Rate Swap Agreement to a replacement third party with the Requisite Ratings;

(c) procure written confirmation from any two of the Rating Agencies then rating the Notes that the then current ratings of the Notes will not be downgraded as a result of the downgrade of the long or short term debt ratings of the Interest Rate Swap Counterparty; or

(d) provide collateral in support of its obligations under the Interest Rate Swap Agreement in accordance the terms of the Interest Rate Credit Support Document.

IRS Credit Support Document

If at any time the Interest Rate Swap Provider is required to provide collateral in respect of any of its obligations under the Interest Rate Swap Agreement it will also do so under the terms of the 1995 ISDA Credit Support Annex (Bilateral Form — Transfer) entered into on or around the Closing Date between the Issuer and the Interest Rate Swap Provider (the "**IRS Credit Support Document**"). The IRS Credit Support Document will provide that, from time to time, subject to the conditions specified in the Interest Rate Swap Agreement, the Interest Rate Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Interest Rate Swap Agreement and the Issuer will be obliged to return such collateral (or the equivalent thereof) in accordance with the terms of the Interest Rate Swap Agreement.

Collateral amounts that may be required to be posted by the Interest Rate Swap Provider pursuant to the IRS Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into the swap collateral cash account (the "**IRS Collateral Cash Account**") and securities will be transferred to the swap collateral custody account ("**IRS Collateral Custody Account**"). References in this Offering Circular to the swap collateral cash account and to the swap collateral custody account and to payments from such accounts are deemed to be a reference to and to payments from such accounts as and when opened and maintained by the Issuer with the Operating Bank.

If the Swap Collateral Cash Account and the Swap Collateral Custody Account are opened, amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account, or distributions (or equivalent) received on securities held in the Swap Collateral Custody Account, are required to be paid to the Interest Rate Swap Provider in accordance with the terms of the IRS Credit Support Document and the Deed of Charge in priority to any other payment obligations of the Issuer. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the IRS Credit Support Document is to return of the same class, number, series and denomination.

THE NOTE TRUST DEED

The Note Trustee will be appointed pursuant to the Note Trust Deed to represent the interests of the Noteholders. The Note Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Note Trust Deed and the Terms and Conditions of the Notes on trust for the Noteholders.

Among other things, the Note Trust Deed:

(a) sets out when, and the terms upon which, the Note Trustee will be entitled or obliged, as the case may be, to take steps to enforce the Issuer's obligations under the Notes and certain other relevant documents;

(b) contains various covenants of the Issuer relating to repayment of principal and payment of interest in respect of the Notes, to the conduct of its affairs generally and to certain ongoing obligations connected with its issuance of the Notes;

(c) provides for the remuneration of the Note Trustee, the payment of expenses incurred by it in the exercise of its powers and performance of its duties and provides for the indemnification of the Note Trustee against liabilities, losses and costs arising out of the Note Trustee's exercise of its powers and performance of its duties;

(d) sets out whose interests the Note Trustee should have regard to when there is a conflict between the interests of different classes of Noteholders;

(e) provides that the determinations of the Note Trustee shall be conclusive and binding on the Noteholders;

(f) sets out the extent of the Note Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties to agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;

(g) sets out the scope of the Note Trustee's liability for any breach of duty or breach of trust, fraud, negligence or wilful default in connection with the exercise of its duties;

(h) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that a Note Event of Default or an event which will become a Note Event of Default with the giving of notice or the passage of time shall not be treated as such;

(i) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, make or sanction any modification to the Conditions or to the terms of the Note Trust Deed or certain other relevant documents; and

(j) sets out the requirements for and organisation of Noteholder meetings.

The Note Trust Deed also contains provisions governing the retirement or removal of the Note Trustee and the appointment of a successor Note Trustee. The Note Trustee may at any time and for any reason resign as Note Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes of each class, acting by Extraordinary Resolution, may together remove the Note Trustee from office. No retirement or removal of the Note Trustee (or any successor Note Trustee) will be effective until a trust corporation has been appointed to act as successor Note Trustee.

The appointment of a successor Note Trustee shall be made by the Issuer or, where the Note Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, by the Note Trustee itself.

The Note Trust Deed is governed by English law.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

Yield

The yield to maturity on any class of Notes will depend upon the price paid by the Noteholders, the interest rate thereof from time to time, the rate and timing of the distributions of interest and principal in reduction of the Principal Amount Outstanding of such class and the rate, timing and severity of losses on the Loans, and the extent to which such losses are allocable in reduction of the Principal Amount Outstanding, as applicable, of such class, as well as prevailing interest rates at the time of payment or loss realisation.

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

The rate of distributions of principal in reduction of the Principal Amount Outstanding of any class of Notes, the aggregate amount of distributions of principal in respect of any class of Notes and the yield to maturity of any class of Notes will be directly related to the rate of payments of principal (both scheduled and unscheduled) on the Loans and the amount and timing of Borrower defaults. In addition, distributions in reduction of Principal Amount Outstanding of any class of Notes may result from repurchases of the Loan made by the Originators due to breaches of representations and warranties with respect to the Loan as described herein under "The Loan Sale Agreements".

The Principal Amount Outstanding of any class of Notes (other than the Class X Note) may be reduced without distributions thereon as a result of the occurrence and allocation of NAI, reducing the maximum amount distributable in respect of such Notes, if applicable, as well as the amount of interest that would have accrued on such Notes in the absence of such reduction. In general, an NAI arises when the aggregate principal balance of a Loan is reduced without an equal distribution to applicable Noteholders in reduction of the Principal Amount Outstanding of the Notes. NAI is likely to occur only in connection with a default on a Loan and the liquidation of the related Property(ies) or a reduction in the principal balance of a Loan on an insolvency of the relevant Borrower.

Because the accrual of interest on the Class X Note is based upon the Principal Amount Outstanding of the Class A, Class B, Class C and Class D Notes, the yield to maturity on the Class X Note 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 rate at which voluntary prepayments occur on the Loans will be affected by a variety of factors, including, without limitation, the terms of the Loans, the level of prevailing interest rates, the availability of mortgage credit, the occurrence of casualties or natural disasters and economic, demographic, tax, legal and other factors, and no representation is made as to the anticipated rate of prepayments on the Loans.

The rate of payments (including voluntary and involuntary prepayments) on pools of mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of mortgage interest rates and the rate at which borrowers default on their mortgage loans. The terms of the Loans (in particular, the term of any prepayments, the extent to which prepayment charges are due with respect to any principal prepayment and the right of the mortgagee to apply casualty and compulsory purchase proceeds to prepay the Loan) may affect the rate of principal payments on Loans, and consequently, the yield to maturity of the Classes of Notes. See "Characteristics of the Loans and the Properties" and "Description of the Loans and Related Properties" herein.

In addition, disproportionate principal payments (whether resulting from differences in scheduled balloon payments or full or partial prepayments) on the Loans may affect the yield on the Notes. Balloon payments will have a greater effect on the principal payments on the Notes, and therefore on their yield, than would principal payments on non-balloon mortgage loans.

The Loans require prepayment charges, which could be a deterrent to prepayments. Although the payment of a prepayment charge would be required in connection with a voluntary prepayment of certain of the Loans during certain periods of time, there can be no assurance that the related Borrowers would refrain from prepaying such Loans due to the existence of such prepayment charges, or that such prepayment charges would be held to be enforceable if challenged.

The timing of changes in the rate of prepayment on the Loans may significantly affect the actual yield to maturity experienced by an investor even if the average rate of principal payments experienced over time is consistent with such investor's expectation. In general, the earlier a prepayment of principal on the Loans, the greater the effect on such investor's yield to maturity. As a result, the effect on such investor's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Notes would not be fully offset by a subsequent like reduction (or increase) in the rate of principal payments.

The Portuguese Loan is a fixed rate mortgage loan. The Issuer has entered into the Interest Rate Swap Transaction with the Interest Rate Swap Provider, in relation to the Portuguese Loan, in exchange for a floating rate. The remaining Loans are floating rate loans, and each relevant Borrower entered into Loan Hedging Arrangements. The Issuer has also entered into Interest Rate Swap Transactions to hedge basis risks arising from the differences between (a) interest accrual periods and reset dates for the determination of EURIBOR under each of the Loans and Credit Default Swap Transaction and (b) the Notes.

The Issuer is not aware of any publicly available statistics that set forth principal prepayment experience or prepayment forecasts of commercial mortgage loans over an extended period of time, either fixed-rate loans or floating rate mortgage loans. The rate of principal prepayments with respect to floating rate mortgage loans has fluctuated in recent years. As is the case with fixed-rate mortgage loans, floating rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. For example, if prevailing interest rates fall significantly, floating rate mortgage loans could be subject to higher prepayment rates than if prevailing interest rates remain constant because the availability of fixed-rate mortgage loans at competitive interest rates may encourage mortgagors to re-finance their floating rate mortgage loans to "lock in" lower fixed interest rate. No assurances can be given as to the rate of prepayments under the Loans or any Swap Agreements in stable or changing interest rate environments.

The yield on any class of Notes could also be affected by trends in the level of EURIBOR and the incurrence of prepayments and defaults.

No representation is made as to the particular factors that will affect the rate of prepayment of the Loans, the relative importance of any such factors, the percentage of the principal balance of the Loans that will be paid as of any date or the overall rate of prepayments on the Loans. An investor is urged to make an investment decision with respect to any class of Notes based on the anticipated yield to maturity of such class of Notes resulting from its purchase price and such investor's own determination as to anticipated Loan prepayment rates under a variety of scenarios. The extent to which any class of Notes is purchased at a discount or a premium and the degree to which the timing of payments on such class of Notes is sensitive to prepayments will determine the extent to which the yield to maturity of such class of Notes may vary from the anticipated yield. An investor should carefully consider the associated risks, including, in the case of any Notes purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Loans could result in an actual yield to such investor that is lower than the anticipated yield and, in the case of any Notes purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield to such investor that is lower than the anticipated yield.

An investor should consider the risk that rapid rates of prepayments on the Loans, and therefore of amounts distributable in reduction of the principal balance of Notes, may coincide with periods of low prevailing interest rates. During such periods, the effective interest rates on securities in which an investor may choose to reinvest such amounts distributed to it may be lower than the applicable pass-through rate. Conversely, slower rates of prepayments on the Loans, and therefore, of amounts distributable in reduction of principal balance of the Notes entitled to distributions of principal, may coincide with periods of high prevailing interest rates. During such periods, the amount of principal distributions resulting from prepayments available to an investor in such Notes for reinvestment at

such high prevailing interest rates may be relatively small.

The effective yield to holders of Notes will be lower than the yield otherwise produced by the applicable interest rate and applicable purchase prices because while interest will accrue during each Loan Interest Accrual Period, the distribution of such interest will not be made until the Payment Date immediately following such Loan Interest Accrual Period, and principal paid on any Payment Date will not bear interest during the period from the end of such Loan Interest Accrual Period to the Payment Date that follows.

Maturity Date

The "**Maturity Date**" for each class of Notes is the Payment Date falling in May 2015.

Due to the fact that certain of the Loans have maturity dates that occur earlier than the latest maturity date of the Loans, and as certain of the Loans may be prepaid prior to maturity, it is possible that the Principal Amount Outstanding of each class of Notes will be reduced to zero significantly earlier than the Maturity Date. However, delinquencies on Loans could result in final distributions in reduction of the Principal Amount Outstanding of one or more Classes after the Maturity Date of their respective Notes.

Weighted Average Life of Notes

Weighted average life refers to the average amount of time that will elapse from the date of determination to the date of distribution or allocation to the investor of each euro in reduction of principal of their respective Notes. The weighted average lives of the Notes will be influenced by, among other things, the rate at which principal of the Loans is paid, which may occur as a result of voluntary or involuntary prepayments or liquidations.

The weighted average lives of the Notes may also be affected to the extent that additional distributions in reduction of the Principal Amount Outstanding of such Notes occur as a result of the repurchase or purchase of Loans from the Issuer, as described under "The Loan Sale Process" at page 201 or Conditions 6(c) *(Redemption for Tax and Other Reasons)* at page 279 and 6(d) *(Redemption Upon Exercise of (Call Option)* at page 279 under the "Terms and Conditions of the Notes" herein. Such a repurchase or purchase from the Issuer will have the same effect on distributions to the holders of Notes as if the related Loans had been prepaid in full, except that no prepayment charges are made in respect thereof. The tables of "Percentage of Initial Principal Amount Outstanding for each Designated Scenario" set forth below indicate the weighted average life of each class of Notes (other than the Class X Note) and set forth the percentage of the initial Principal Amount Outstanding of such Notes that would be outstanding after each of the dates shown. The Modelling Assumptions made in preparing the previous and following tables are expected to vary, and may vary significantly, from the actual performance of the Loans. It is highly unlikely that principal of the Loans will be repaid consistent with the assumptions underlying any one of the scenarios. Investors are urged to conduct their own analysis concerning the likelihood that the Loans may pay or prepay on any particular date.

For purposes of preparing the tables, it was assumed that (a) the Cut-Off Date Principal Amount Outstanding of, and the interest rates for, each class of Notes are as set forth herein, (b) the scheduled quarterly payments for the Loans are based on stated quarterly principal (assuming funds are available therefore) and interest payments, in each case without modification over the life of the related Loan except that three-month EURIBOR on the Loans and the Notes is assumed to be, and will remain constant at 2.40 per cent., (c) all scheduled quarterly payments (including payments due on the respective maturity dates of the Loans) are assumed to be timely received on the Loan Payment Date of each quarter commencing in February 2006, (d) there are no delinquencies, losses or defaults in respect of the Loans, there are no extensions of maturity in respect of the Loans (except when otherwise specified) and there are no casualties or compulsory purchases affecting the Properties, (e) no prepayments are made on the Loans except as indicated in the "scenarios" set out below, (f) the Loans accrue interest under the method as specified herein, (g) the Issuer does not exercise its right of optional termination described herein and Condition 6(e) *(Optional Redemption in Full)* of the "Terms and Conditions of the Notes", (h) no Loans are required to be repurchased by either Originator, (i) there are no additional unanticipated administrative expenses, no Liquidity

Drawings are made under the Liquidity Facility, (j) principal and interest payments on the Notes are made on the 22 day of each February, May, August and November, regardless of whether such day is a Business Day, commencing in February 2006, (k) the prepayment provisions for the Loans are as set forth in this Offering Circular, assuming the term for the prepayment provisions begin on each Loan's first Loan Payment Date, (l) the Credit Default Swap Agreement remains in place and the Credit Protection Buyer makes timely payment of all amounts due under the Credit Default Swap Agreement, (m) the Closing Date for the purposes of these assumptions is 22 November 2005 and (n) no Note Enforcement Notice has occurred, (o) servicing fees are equal to 0.0475 per cent. of the principal balance of the Loans, the liquidity facility fee is equal to 0.18 per cent. of the undrawn Liquidity Commitment and quarterly senior expenses are €32,500 (assumptions (a) through (p) above are collectively referred to as the "**Modelling Assumptions**").

The "**weighted average life**" of a Note is determined by (a) multiplying the amount of each reduction of the Principal Amount Outstanding of such Note by the number of years from the assumed settlement date to the related Payment Date, (b) adding the results and (c) dividing the sum by the original Principal Amount Outstanding of such Note. The average lives of the Notes were calculated on the basis of a 360-day year consisting of twelve 30-day months.

In the case of scenario 1 below ("**Scenario 1**"), it is assumed that all of the Loans are paid in full on their respective maturity dates, the Loans amortise down according to their respective amortisation schedules and there is no sale of the Properties. In the case of scenario 2 below ("**Scenario 2**"), it is assumed that the Loans are paid in full on their respective maturity dates, the Loans amortise down according to their respective amortisation schedules and the Borrowers' business plan for the sale of the Properties is met. In the case of scenario 3 below ("**Scenario 3**"), it is assumed that the Loans are prepaid in full on the extended maturity date (currently the only Loan with this feature is the Portuguese Loan), the Loans amortise down according to their respective amortisation schedules and there is no sale of the Properties. In the case of scenario 4 ("**Scenario 4**") it is assumed that the Loans are prepaid in full on the first Loan Payment Dates on which prepayments can be made without prepayment fees, the Loans amortise down according to their respective amortisation schedules and there is no sale of the Properties. In the case of scenario 5 ("**Scenario 5**") it is assumed that the Loans are prepaid in full on the first Loan Payment Dates on which prepayments can be made without prepayment fees and the Loans amortise down according to their respective amortisation schedules and the Borrowers' business plan for the sale of the Properties is met. In the case of scenario 6 ("**Scenario 6**") it is assumed that the Italian Loan prepays on the second Italian Loan Payment Date after the Closing Date and the Netherlands Loans and Portuguese Loan are paid in full on their respective maturity dates, the Loans amortise down according to their respective amortisation schedules and there is no sale of the Properties. Scenarios 1, 2, 3, 4, 5 and 6 are collectively referred to herein as the "**Scenarios**".

Percentage of the Initial Principal Amount Outstanding for each Designated Scenario

CLASS A

Payment date	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
22-Feb-06	99.3%	99.3%	99.3%	99.3%	99.3%	99.3%
22-May-06	98.6%	98.6%	98.6%	98.6%	98.6%	72.3%
22-Aug-06	97.9%	90.1%	97.9%	97.9%	90.1%	71.6%
22-Nov-06	97.2%	89.4%	97.2%	97.2%	89.4%	70.9%
22-Feb-07	96.3%	88.7%	96.3%	96.3%	88.7%	70.2%
22-May-07	95.4%	88.0%	95.4%	95.4%	88.0%	69.5%
22-Aug-07	94.6%	79.7%	94.6%	68.9%	68.9%	68.8%
22-Nov-07	93.6%	72.4%	93.6%	68.3%	61.6%	68.2%
22-Feb-08	92.8%	71.4%	92.8%	65.0%	58.4%	67.6%
22-May-08	91.9%	70.9%	91.9%	64.4%	57.9%	67.0%
22-Aug-08	91.0%	60.3%	91.0%	29.7%	29.5%	66.3%
22-Nov-08	90.1%	54.6%	90.1%	29.3%	29.1%	65.6%
22-Feb-09	86.6%	51.4%	86.6%	0.0%	0.0%	62.2%
22-May-09	85.7%	51.0%	85.7%	0.0%	0.0%	61.4%
22-Aug-09	84.8%	50.5%	84.8%	0.0%	0.0%	60.7%
22-Nov-09	83.7%	35.1%	83.7%	0.0%	0.0%	60.0%
22-Feb-10	82.8%	34.7%	82.8%	0.0%	0.0%	59.3%
22-May-10	66.1%	19.6%	81.8%	0.0%	0.0%	43.1%
22-Aug-10	7.7%	10.3%	28.2%	0.0%	0.0%	7.9%
22-Nov-10	7.4%	10.1%	27.8%	0.0%	0.0%	7.7%
22-Feb-11	7.1%	9.8%	27.4%	0.0%	0.0%	7.4%
22-May-11	6.8%	9.5%	27.0%	0.0%	0.0%	7.1%
22-Aug-11	6.5%	9.2%	26.7%	0.0%	0.0%	6.8%
22-Nov-11	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%
22-Feb-12	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%
22-May-12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL	4.4 yrs	3.4 yrs	4.7 yrs	2.5 yrs	2.4 yrs	3.4 yrs

Percentage of the Initial Principal Amount Outstanding for each Designated Scenario

CLASS B

Payment date	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
22-Feb-06	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%
22-May-06	99.4%	99.4%	99.4%	99.4%	99.4%	72.8%
22-Aug-06	99.1%	91.2%	99.1%	99.1%	91.2%	72.5%
22-Nov-06	98.8%	90.9%	98.8%	98.8%	90.9%	72.2%
22-Feb-07	98.3%	90.6%	98.3%	98.3%	90.6%	71.9%
22-May-07	97.8%	90.3%	97.8%	97.8%	90.3%	71.6%
22-Aug-07	97.3%	82.1%	97.3%	70.9%	71.0%	71.3%
22-Nov-07	96.7%	78.7%	96.7%	70.6%	67.6%	71.0%
22-Feb-08	96.2%	78.0%	96.2%	69.1%	66.0%	70.8%
22-May-08	95.6%	77.7%	95.6%	68.8%	65.8%	70.5%
22-Aug-08	95.1%	66.3%	95.1%	46.8%	47.4%	70.2%
22-Nov-08	94.6%	63.5%	94.6%	46.6%	47.2%	69.8%
22-Feb-09	92.9%	61.9%	92.9%	0.0%	0.0%	68.2%
22-May-09	92.3%	61.7%	92.3%	0.0%	0.0%	67.9%
22-Aug-09	91.8%	61.4%	91.8%	0.0%	0.0%	67.6%
22-Nov-09	91.1%	52.1%	91.1%	0.0%	0.0%	67.2%
22-Feb-10	90.6%	51.9%	90.6%	0.0%	0.0%	66.9%
22-May-10	81.7%	40.1%	89.9%	0.0%	0.0%	57.8%
22-Aug-10	48.9%	40.1%	40.5%	0.0%	0.0%	48.0%
22-Nov-10	48.9%	40.1%	40.3%	0.0%	0.0%	48.0%
22-Feb-11	48.9%	40.1%	40.0%	0.0%	0.0%	48.0%
22-May-11	48.9%	40.1%	39.8%	0.0%	0.0%	48.0%
22-Aug-11	48.9%	40.1%	39.6%	0.0%	0.0%	48.0%
22-Nov-11	0.0%	0.0%	39.6%	0.0%	0.0%	0.0%
22-Feb-12	0.0%	0.0%	39.6%	0.0%	0.0%	0.0%
22-May-12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL	5.1 yrs	4.1 yrs	5.2 yrs	2.7 yrs	2.6 yrs	4.1 yrs

Percentage of the Initial Principal Amount Outstanding for each Designated Scenario

CLASS C

Payment date	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
22-Feb-06	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%
22-May-06	99.4%	99.4%	99.4%	99.4%	99.4%	72.8%
22-Aug-06	99.1%	91.2%	99.1%	99.1%	91.2%	72.5%
22-Nov-06	98.8%	90.9%	98.8%	98.8%	90.9%	72.2%
22-Feb-07	98.3%	90.6%	98.3%	98.3%	90.6%	71.9%
22-May-07	97.8%	90.3%	97.8%	97.8%	90.3%	71.6%
22-Aug-07	97.3%	82.1%	97.3%	70.9%	71.0%	71.3%
22-Nov-07	96.7%	78.7%	96.7%	70.6%	67.6%	71.0%
22-Feb-08	96.2%	78.0%	96.2%	69.1%	66.0%	70.8%
22-May-08	95.6%	77.7%	95.6%	68.8%	65.8%	70.5%
22-Aug-08	95.1%	66.3%	95.1%	46.8%	47.4%	70.2%
22-Nov-08	94.6%	63.5%	94.6%	46.6%	47.2%	69.8%
22-Feb-09	92.9%	61.9%	92.9%	0.0%	0.0%	68.2%
22-May-09	92.3%	61.7%	92.3%	0.0%	0.0%	67.9%
22-Aug-09	91.8%	61.4%	91.8%	0.0%	0.0%	67.6%
22-Nov-09	91.1%	52.1%	91.1%	0.0%	0.0%	67.2%
22-Feb-10	90.6%	51.9%	90.6%	0.0%	0.0%	66.9%
22-May-10	81.7%	40.1%	89.9%	0.0%	0.0%	57.8%
22-Aug-10	48.9%	40.1%	40.5%	0.0%	0.0%	48.0%
22-Nov-10	48.9%	40.1%	40.3%	0.0%	0.0%	48.0%
22-Feb-11	48.9%	40.1%	40.0%	0.0%	0.0%	48.0%
22-May-11	48.9%	40.1%	39.8%	0.0%	0.0%	48.0%
22-Aug-11	48.9%	40.1%	39.6%	0.0%	0.0%	48.0%
22-Nov-11	0.0%	0.0%	39.6%	0.0%	0.0%	0.0%
22-Feb-12	0.0%	0.0%	39.6%	0.0%	0.0%	0.0%
22-May-12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL	5.1 yrs	4.1 yrs	5.2 yrs	2.7 yrs	2.6 yrs	4.1 yrs

Percentage of the Initial Principal Amount Outstanding for each Designated Scenario

CLASS D

Payment date	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
22-Feb-06	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%
22-May-06	99.4%	99.4%	99.4%	99.4%	99.4%	72.8%
22-Aug-06	99.1%	91.2%	99.1%	99.1%	91.2%	72.5%
22-Nov-06	98.8%	90.9%	98.8%	98.8%	90.9%	72.2%
22-Feb-07	98.3%	90.6%	98.3%	98.3%	90.6%	71.9%
22-May-07	97.8%	90.3%	97.8%	97.8%	90.3%	71.6%
22-Aug-07	97.3%	82.1%	97.3%	70.9%	71.0%	71.3%
22-Nov-07	96.7%	78.7%	96.7%	70.6%	67.6%	71.0%
22-Feb-08	96.2%	78.0%	96.2%	69.1%	66.0%	70.8%
22-May-08	95.6%	77.7%	95.6%	68.8%	65.8%	70.5%
22-Aug-08	95.1%	66.3%	95.1%	46.8%	47.4%	70.2%
22-Nov-08	94.6%	63.5%	94.6%	46.6%	47.2%	69.8%
22-Feb-09	92.9%	61.9%	92.9%	0.0%	0.0%	68.2%
22-May-09	92.3%	61.7%	92.3%	0.0%	0.0%	67.9%
22-Aug-09	91.8%	61.4%	91.8%	0.0%	0.0%	67.6%
22-Nov-09	91.1%	52.1%	91.1%	0.0%	0.0%	67.2%
22-Feb-10	90.6%	51.9%	90.6%	0.0%	0.0%	66.9%
22-May-10	81.7%	40.1%	89.9%	0.0%	0.0%	57.8%
22-Aug-10	48.9%	40.1%	40.5%	0.0%	0.0%	48.0%
22-Nov-10	48.9%	40.1%	40.3%	0.0%	0.0%	48.0%
22-Feb-11	48.9%	40.1%	40.0%	0.0%	0.0%	48.0%
22-May-11	48.9%	40.1%	39.8%	0.0%	0.0%	48.0%
22-Aug-11	48.9%	40.1%	39.6%	0.0%	0.0%	48.0%
22-Nov-11	0.0%	0.0%	39.6%	0.0%	0.0%	0.0%
22-Feb-12	0.0%	0.0%	39.6%	0.0%	0.0%	0.0%
22-May-12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WAL	5.1 yrs	4.1 yrs	5.2 yrs	2.7 yrs	2.6 yrs	4.1 yrs

THE ISSUER

The Issuer, European Property Capital 3 p.l.c., was incorporated in Ireland, as a special purpose vehicle on 14 June 2005 (registered number 403628) as a public company limited by shares under the Companies Acts 1963 to 2005 of Ireland. The registered office of the Issuer is at Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland (telephone number: +353 1 491 4055, fax number +353 1 491 4056). The Issuer has no subsidiaries.

Principal Activities

The principal objects of the Issuer are set out in clause 3 of its memorandum of association and are, among other things, to purchase, take transfer of, invest in and acquire loans and any security given or provided by any person in connection with such loans, to hold and manage and deal with, sell or alienate such loans and related security, to borrow, raise and secure the payment of money by the creation and issue of bonds, debentures, notes or other securities and to charge or grant security over the Issuer's property or assets to secure its obligations.

Since the date of its incorporation, the Issuer has not commenced operations and no accounts have been made up as at the date of this Offering Circular. The only activities in which the Issuer has engaged are those incidental to its incorporation and registration as a public limited company under the Companies Acts 1963 to 2005 of Ireland, the authorisation of the issue of the Notes, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this document to which the Issuer is a party and matters which are incidental or ancillary to the foregoing.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in Condition 4 (*Covenants*) of the Notes, the Issuer Security Documents and the Note Trust Deed. In addition, the Issuer will covenant in the Note Trust Deed to provide written confirmation to the Note Trustee, on an annual basis, that no Note Event of Default (or other matter which is required to be brought to the Note Trustee's attention) has occurred in respect of the Notes.

Directors and Secretary

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

Name	Occupation	Business Address
John Walley	Company Director	6th Floor, Block 3, Harcourt Centre, Harcourt Road, Dublin 2
John Gerard Murphy	Company Director	Blessington Road, Tallaght, Dublin 24

The company secretary of the Issuer is Structured Finance Management (Ireland) Limited whose principal address is Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland.

The Corporate Services Provider will, under the terms of a corporate services agreement (the "**Corporate Services Agreement**") to be entered into on or about the Closing Date between the Issuer and the Corporate Services Provider, provide certain corporate services to the Issuer and provide related corporate administrative and company secretarial services. The Corporate Services Agreement may be terminated by either the Issuer or the Corporate Services Provider upon 30 days' written notice. Such termination shall not take effect until a replacement corporate services provider has been appointed.

Activities and Ownership of the Issuer

As at the date hereof, the Issuer has no loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or charges or given any guarantees.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred and no dividends have been paid.

40,000 ordinary shares of €1 each of the Issuer have been issued, all of which are fully paid up and are held by SFM Corporate Services Limited or its nominees as trustee pursuant to the terms of a charitable trust established pursuant to a declaration of trust (the "**Share Declaration of Trust**") dated 6 December 2005. The Share Trustee is a company incorporated under the laws of England and Wales and its registered office is at 35 Great St Helen's Street, London EC3A 6AP.

The Issuer's Auditors are PricewaterhouseCoopers and whose principal office in Ireland is at St Georges Quay, Dublin 2.

DESCRIPTION OF THE NOTES

General

Each class of Notes will initially be represented by a Temporary Global Note. The Temporary Global Notes will be deposited on behalf of the subscribers to the Notes with the Common Depositary for the account of Euroclear and Clearstream, Luxembourg on or about the Closing Date. Upon the deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will credit, by means of book entries, each subscriber of the Notes with the principal amount of the Notes for which it has subscribed and paid.

Interests in the Temporary Global Notes will be exchangeable not earlier than 40 days after the Closing Date (provided customary certification of non-U.S. beneficial ownership by the Noteholders has been received) for interests in the Permanent Global Notes in bearer form without coupons or talons attached in a principal amount equal to the Principal Amount Outstanding of the Temporary Global Notes.

On the exchange of the Temporary Global Notes for the Permanent Global Notes, the Permanent Global Notes will remain deposited with the Common Depositary.

Title to the Global Notes will be transferable by delivery. Definitive Notes will not be available except in the limited circumstances described in condition 2(a) (*Issue of Definitive Notes*) and not in any event before the Exchange Date. While any Global Note is outstanding, payments on the Notes represented by such Global Note will be made to, or to the order of, the Common Depositary as the holder thereof. In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, each of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note (each, an "**Accountholder**") will be entitled to receive any payment made in respect of that Note, provided, however, that if any payment of principal and/or interest in respect of any of the Notes falls due whilst such Notes are represented by the Temporary Global Notes, payment of principal and/or interest in respect of such Notes will be made only to the extent that customary certification of non-U.S. beneficial ownership has been received by the Common Depositary for Euroclear or Clearstream, Luxembourg.

Each Accountholder must, for as long as the Notes remain represented by the Global Notes, look solely to Euroclear or, as the case may be, Clearstream, Luxembourg for its share of each payment made by the Issuer to the bearer of such Global Notes, subject to and in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as appropriate.

Whilst the Notes are represented by Global Notes, the relevant Accountholders shall have no claim directly against the Issuer in respect of payments due on the relevant Notes and the Issuer will be discharged by payment to the bearer of such Global Notes in respect of each amount so paid.

To the extent permitted by applicable law, the Issuer, the Note Trustee, the Security Trustee, the Principal Paying Agent and any other Paying Agents may treat the holder of a Note represented by a Global Note as the absolute owner thereof (notwithstanding any notice of ownership or writing thereon or of trust or other interest therein, including that of the Noteholders) for the purpose of making payments on the Notes represented thereby, and the expression "**Noteholders**" shall be construed accordingly.

For so long as the Notes are represented by Global Notes, the Notes will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate. The Class A Notes, the Class X Note, the Class B Notes and the Class C Notes will only be transferable in denominations of €50,000 and in integral multiples of €50,000 in excess thereof. The Class D Notes will be transferable in minimum denominations of €50,000 and in integral multiples of €1,000 in excess thereof.

Payments on Global Notes

Payment of principal of and interest on the Permanent Global Notes will be made to the Common

Depositary as the holder thereof. All such amounts will, subject as provided below, be payable by a paying agent, in euros.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have provided the following information to the Issuer.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established Depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Redemption

For any redemptions of a Global Note in part, selection of the Notes relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a pro rata basis (or on such other basis as Euroclear or Clearstream, Luxembourg deems fair and appropriate) provided that only Class A Notes, the Class X Note, Class B Notes and Class C Notes in the original principal amount of €50,000 or integral multiples of such original principal amount shall be redeemed and that only Class D Notes in the original principal amount of €50,000 and integral multiples of €1,000 in excess thereof shall be redeemed. Upon any redemption in part, the Paying Agent will mark down or cause to be marked down the schedule to such Global Notes by the principal amount so redeemed.

Transfer Restrictions

All transfers of interests in any Global Note will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants. For further information, see "General" above.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to completion and amendment) in which they will be set out in the Note Trust Deed.

The €311,500,000Class A Commercial Mortgage Backed Floating Rate Notes due 2015 (the "**Class A Notes**"), the €50,000 Class X Commercial Mortgage Backed Variable Rate Notes due 2015 (the "**Class X Note**"), the €31,800,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2015 (the "**Class B Notes**"), the €32,100,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2015 (the "**Class C Notes**") and the €31,312,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2015 (the "**Class D Notes**") and together with the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the "**Notes**" (as more fully defined below) of European Property Capital 3 p.l.c. (the "**Issuer**") are constituted by a note trust deed dated on or about 20 December 2005 (the "**Closing Date**") (the "**Note Trust Deed**", which expression includes such note trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and HSBC Trustee (C.I.) Limited (the "**Note Trustee**", which expression includes its successors or any further or other trustee under the Note Trust Deed) as trustee for the Noteholders. Any reference to a "**class**" of Notes or of Noteholders shall be a reference to any or all of the Class A Notes, Class X Note, Class B Notes, Class C Notes and Class D Notes or any or all of their respective holders, as the case may be.

The respective holders for the time being of the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes and the Class D Notes (each, a "**Noteholder**" and, collectively, the "**Noteholders**") are referred to in these Conditions as the Class A Noteholders, the Class X Noteholder, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

The security for the Notes is constituted by, and on terms set out in, a deed of charge and assignment dated the Closing Date (the "**Deed of Charge**", which expression includes such Deed of Charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) between, among others, the Issuer and HSBC Trustee (C.I.) Limited (the "**Security Trustee**") and by a Netherlands law general pledge (the "**Issuer Pledge Agreement**" and together with the Deed of Charge, the "**Issuer Security Documents**") dated the Closing Date between, among others, the Issuer and the Security Trustee. By an agency agreement dated on or about the Closing Date (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Security Trustee, HSBC Bank plc in its separate capacities under the same agreement as principal paying agent (the "**Principal Paying Agent**", which expression includes any other principal paying agent appointed in respect of the Notes) and agent bank (the "**Agent Bank**", which expression includes any other agent bank appointed in respect of the Notes) and HSBC Institutional Trust Services (Ireland) Limited (the "**Irish Paying Agent**", which expression includes any other Irish paying agent appointed in respect of the Notes) and together with the Principal Paying Agent and any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**" and, together with the Agent Bank, the "**Agents**" pursuant to which provision is made for, among other things, the payment of principal and interest in respect of the Notes.

The provisions of these terms and conditions (the "**Conditions**" and any reference to a "**Condition**" shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Agency Agreement, the Collateral Holding Agreement, the Interest Rate Swap Agreement, the Deed of Charge, the Issuer Pledge Agreement, the Cash Management Agreement, the Credit Default Swap Agreement, the Liquidity Facility Agreement, the Corporate Services Agreement, the Share Declaration of Trust, the Servicing Agreement, the Loan Sale Agreements and the master definitions schedule dated the Closing Date and signed for identification purposes only by Sidley Austin Brown & Wood (the "**Master Definitions Schedule**") and such other documents entered into pursuant or in relation to such documents (together, the "**Transaction Documents**"). Any reference to an agreement, deed or document shall be construed as a reference to such agreement, deed or document as the same may from time to time be amended, varied, novated, supplemented, replaced or otherwise modified. Copies of the Transaction Documents are

available for inspection by the Noteholders at the principal office for the time being of the Note Trustee, being at the date hereof at 1 Grenville Street, St Helier, Jersey, JE4 9PF and at the specified office 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 and definitions contained in the Transaction Documents.

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 8 December 2005.

Capitalised terms used and not otherwise defined in these Conditions, shall save where the context otherwise requires, bear the meanings given to them in the Master Definitions Schedule.

1. Global Notes

(a) *Temporary Global Notes*

The Notes of each Class will initially be represented by a temporary global Note of the relevant Class (each, a "**Temporary Global Note**") in bearer form without coupons or talons attached.

The Temporary Global Notes will be deposited on behalf of the subscribers of the Notes with a Common Depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on the Closing Date. Upon deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit the account of each Accountholder with the principal amount of Notes for which it has subscribed and paid.

(b) *Permanent Global Notes*

Interests in each Temporary Global Note will be exchangeable 40 days after the Closing Date (the "**Exchange Date**"), provided certification of non-U.S. beneficial ownership ("**Certification**") by the relevant Noteholders has been received, for interests in a permanent global Note of the relevant Class (each a "**Permanent Global Note**") which will also be deposited with the Common Depositary unless the interests in the relevant Permanent Global Note have already been exchanged for Notes in definitive form in which event the interests in such Temporary Global Note may only be exchanged (subject to Certification) for Notes of the relevant Class in definitive form. The expression "**Global Note**" shall be read and construed to mean a Temporary Global Note or a Permanent Global Note as the context may require. On the exchange of each Temporary Global Note for the relevant Permanent Global Note such Permanent Global Note will remain deposited with the Common Depositary.

(c) *Form and title*

Each Global Note shall be issued in bearer form without Coupons or Talons (each as defined below) attached.

Title to the Global Notes will pass by delivery. Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as the Notes of a Class are represented by one or both Global Notes in respect of that Class, the Issuer, the Note Trustee, the Security Trustee and all other parties may (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes as the holder of such principal amount of such Notes, in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes or interest in such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of Noteholders), other than for the purposes of payment of

principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer, the Paying Agents and the Note Trustee and the Security Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to the terms of the Note Trust Deed. The expressions "**Noteholders**" and "**holder of Notes**" and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, the Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

2. Definitive Notes

(a) *Issue of Definitive Notes*

A Global Note will be exchanged free of charge (in whole but not in part) for Notes in definitive bearer form ("**Definitive Notes**") only if at any time any of the following applies:

(i) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory provisions or otherwise) or announce an intention permanently to cease business or do in fact do so and no alternative clearing system satisfactory to the Note Trustee is available; or

(ii) as a result of any amendment to, or change in the laws or regulations of the United Kingdom, Ireland or any other applicable jurisdiction (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Payment Agent is or will become required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form; or

(iii) the owner of a Note requests such exchange in writing delivered through either Euroclear or Clearstream, Luxembourg to the Issuer, following an Event of Default (as defined in Condition 10(a) ("*Eligible Noteholders*").

Thereupon, the whole of such Global Note will be exchanged for Definitive Notes (in the form provided in Condition 2(b) (*Title to and transfer of Definitive Notes*) below and Coupons in respect of principal and interest which has not already been paid on such Global Note as provided in such Global Note.

(b) *Title to and transfer of Definitive Notes*

Each Definitive Note shall be issued in bearer form, serially numbered, in the denomination of €50,000 with (at the date of issue) interest coupons ("**Coupons**", which expression includes talons for further Coupons ("**Talons**"), except where the context otherwise requires) attached. Definitive Notes shall be issued in exchange for the Global Notes.

Title to the Definitive Notes and Coupons will pass by delivery.

The Issuer, the Paying Agents and the Note Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Definitive Note and the holder of any Coupon as the absolute owner for all purposes (whether or not the Definitive Note or the Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss, of any trust or other interest therein or of any writing on the Definitive Note or Coupon) and the Issuer, the Note Trustee and the Paying Agents shall not be required to obtain any proof thereof or as to the identity of such holder.

3. Status, Security and Priority

(a) *Status and relationship among the Notes*

(i) The Notes (other than the Class X Note in respect of principal only and the element of interest on the Class X Note derived from interest earned on the Class X Account (the "**Class X Account Interest**")) constitute direct, secured and limited recourse obligations of the Issuer and are secured by the Issuer Security (as more particularly described in Condition 3(b) (*Security and Priority of Payments*). The Class X Note (in respect of principal and Class X Account Interest) is secured by amounts in the Class X Account. The Notes of each class rank *pari passu* and without preference or priority among the Notes of the same class.

(ii) As among the classes of Notes in the event of the Issuer Security being enforced and/or accelerated, the Class A Notes and the Class X Note (only to the extent that it relates to payments of interest other than the Class X Account Interest) will rank pari passu and without preference or priority among themselves and will rank in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes will rank in priority to the Class C Notes and the Class D Notes; the Class C Notes will rank in priority to the Class D Notes. Save as described in Condition 6 (*Redemption and Cancellation*), prior to the service of a Note Enforcement Notice or the Issuer Security otherwise being enforceable, certain payments will be subordinated as follows: repayments of principal and payments of interest on the Class D Notes will be subordinated to repayments of principal and payments of interest on the Class A Notes, the Class X Note (in respect of interest other than the Class X Account Interest), the Class B Notes and the Class C Notes; repayments of principal and payments of interest on the Class C Notes will be subordinated to repayments of principal and payments of interest on the Class A Notes, the Class X Note (in respect of interest other than the Class X Account Interest), the Class B Notes and repayments of principal and payments of interest on the Class B Notes will be subordinated to repayments of principal and payments of interest on the Class A Notes and the Class X Note (in respect of interest other than the Class X Account Interest).

(iii) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes and the Class D Notes equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise); provided that:

(a) if, in the opinion of the Note Trustee, there is a conflict between the interests of:

(A) the Class A Noteholders and the Class X Noteholder (for so long as there are any Class A Notes and Class X Note outstanding); and

(B) the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders;

the Note Trustee shall, subject to (b) below, have regard only to the interests of the Class A and Class X Noteholder;

(b) if, in the opinion of the Note Trustee, there is a conflict between the interests of:

(A) the Class A Noteholders (for so long as there are any Class A Notes outstanding); and

(B) the Class X Noteholder (for so long as there are any Class X Note outstanding) and/or the interests of the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders;

the Note Trustee shall have regard only to the interests of the Class A Noteholders;

(c) if, in the opinion of the Note Trustee, there is a conflict between the interests of:

(A) the Class B Noteholders (for so long as there are any Class B Notes outstanding); and

(B) the Class C Noteholders and/or the Class D Noteholders;

the Note Trustee shall, subject to (a) and (b) above, have regard only to the interests of the Class B Noteholders;

(d) if, in the opinion of the Note Trustee, there is a conflict between the interests of:

(A) the Class C Noteholders (for so long as there are any Class C Notes outstanding); and

(B) the Class D Noteholders;

the Note Trustee shall, subject to (a), (b) and (c) above, have regard only to the interests of the Class C Noteholders;

but so that this proviso shall not apply in the case of any powers, trusts, authorities, duties or discretions of the Note Trustee in relation to which it is expressly stated that they may be exercised by the Note Trustee only if in its opinion the interests of the Noteholders of each class would not be materially prejudiced thereby.

Except where expressly provided otherwise, so long as any of the Notes remains outstanding, the Note Trustee is not required to have regard to the interests of any other persons entitled to the benefit of the Issuer Security.

(iv) The Note Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, among other things, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution (as defined in the Note Trust Deed) which may affect the interests of the Class A Noteholders (ii) the Class C Noteholders, among other things, to request or direct the Note Trustee to take any action or pass an Extraordinary Resolution which may affect the interests of the Class A Noteholders or the Class B Noteholders, and (iii) the Class D Noteholders, among other things, to request or direct the Note Trustee to take any action or pass an Extraordinary Resolution which may affect the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, , in each case, subject as provided in the Note Trust Deed. Except in certain circumstances as set out in the Note Trust Deed, the Note Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class X Noteholder, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders,

irrespective of the effect thereof on their interests subject as provided below in Condition 12(b) (*Meetings of Noteholders, Modification and Waiver and Substitution*). Except in certain circumstances as set out in the Note Trust Deed, the exercise of their powers by the Class B Noteholders will be binding on the Class C Noteholders and the Class D Noteholders, irrespective of the effect thereof on their interests subject as provided below in Condition 12(c) (*Meetings of Noteholders, Modification and Waiver and Substitution*). Except in certain circumstances as set out in the Note Trust Deed, the exercise of their powers by the Class C Noteholders will be binding on the Class D Noteholders, irrespective of the effect thereof on their interests subject as provided below in Condition 12(d) (*Meetings of Noteholders Modifications and Waiver and Substitution*). The Class X Noteholder has no power to pass an Extraordinary Resolution.

(b) *Security and Priority of Payments*

The security interests granted by the Issuer in respect of the Notes are set out in the Issuer Security Documents.

Under the Deed of Charge, the Issuer with full title guarantee or, as applicable, as beneficial owner, has created the following security (the "**Issuer Security**") in favour of the Security Trustee to hold on trust for its obligations to the Noteholders (other than the Class X Noteholder in respect of principal due on the Class X Note, Class X Account Interest), and the Cash Manager, the Calculating and Reporting Agent, the Modelling Agent, the Corporate Services Provider, the Note Trustee, the Liquidity Facility Provider, the Paying Agents, the Collateral Holding Bank, the Agent Bank, the Operating Bank, the Servicer, the Special Servicer, the Interest Rate Swap Provider, the Originator and the Credit Protection Buyer (the Security Trustee and all such persons being collectively, the "**Issuer Secured Creditors**"):

(i) an assignment by way of security of all its rights, title, benefit and interest in, to, under or connected with the Portuguese Notarial Deed, the Assigned Loans and their Related Security sold to it pursuant to the Loan Sale Agreements, save insofar as such rights are secured pursuant to another security document entered into by the Issuer;

(ii) an assignment by way of security of all its rights, title, benefit and interest in, to and under the Transaction Documents to which it is a party other than in respect of those Transaction Documents governed by laws other than English law and Irish law;

(iii) a first ranking charge over all its rights, title, benefit and interest in and to and the benefit of the Collection Account and any other Issuer Accounts (other than the Class X Account, the Stand-by Account, the Share Capital Proceeds Account and the Collateral Holding Account as to which see further below) and any amounts from time to time standing to the credit of each such account and the debts represented thereby;

(iv) an assignment by way of security of all of its rights, title, benefit and interest in, to and under any Eligible Investments and all monies, income, and proceeds arising or payable thereunder or accrued thereon and the benefit of all covenants relating thereto and all rights and remedies for enforcing the same; and

(v) a floating charge over the whole of its undertaking and assets present and future other than any of the property, assets and undertaking of the Issuer effectively secured (A) by way of fixed security pursuant to (i)-(iv) above or (B) under security interests created under any law other than English law.

In addition, under the Deed of Charge, the Issuer will create a fixed charge over the Issuer's interests in the Class X Account in favour of the Security Trustee on behalf of the Class X Noteholder (the "**Class X Security**").

Further, the Issuer will create, under the Deed of Charge, a first ranking fixed charge over the Issuer's interests in the Collateral Holding Account and amounts standing to the credit thereof in favour of the Security Trustee on behalf of the Credit Protection Buyer and a second ranking fixed charge over the Issuer's interests in the Collateral Holding Account and amounts standing to the credit thereof in favour of the Security Trustee on behalf of the other Issuer Secured Creditors.

The Issuer also creates, under the Deed of Charge, a fixed charge over the Issuer's interest in the Stand-by Account and the amounts standing to the credit thereof in favour of the Security Trustee and for the benefit of the Liquidity Facility Provider only.

The fixed security created by the Issuer under the Deed of Charge may take effect as floating charges.

The Issuer will also grant a security interest governed by Netherlands law in respect of the Netherlands Loan pursuant to the Issuer Pledge Agreement. The Issuer will also enter into an Irish law governed declaration of trust in favour of the Security Trustee in respect of its interests in the Portuguese Related Security.

If the Issuer acquires any new asset it will grant security over such assets under the relevant law.

The Deed of Charge contains provisions regulating the priority of application of Revenue Receipts, Principal Receipt and amounts standing to the credit of the Class X Account among the persons entitled both prior to and following the service of a Note Enforcement Notice (as defined in Condition 10(a) (*Eligible Noteholders*)).

Without prejudice to Condition 11 (Enforcement), the Security Trustee may, at its discretion and without notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Issuer Security Documents, these Conditions and the other Transaction Documents and the Security Trustee may, at any time after the Issuer Security has become enforceable, at its discretion and without notice, take such steps as it may think fit to enforce the Issuer Security, but, the Security Trustee shall not be bound to take any such proceedings or steps unless a Note Enforcement Notice has been served. The Security Trustee will not be entitled to dispose of the undertaking, property or assets secured under the Issuer Security or any part thereof or otherwise realise the Issuer Security unless (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid pari passu with, or in priority to, the Notes, or (b) the Security Trustee is of the opinion, which shall be binding on the Issuer Secured Creditors (including without limitation the Noteholders), reached after considering at any time and from time to time the advice of such professional advisors as may be selected by the Security Trustee, upon which the Security Trustee shall be entitled to rely, 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 (c) the Security Trustee considers, in its discretion, that not to effect such disposal or realisation would place the Issuer Security in jeopardy, and, in any event, the Security Trustee has been indemnified and/or secured to its satisfaction.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes (other

than the other assets of the Issuer (including, without limitation, the amounts standing to the credit of the Collateral Holding Account (save to the extent the first ranking secured obligations owed to the Credit Protection Buyer have been discharged), the Share Capital Proceeds Account and the Stand-by Account) will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne among the Issuer Secured Creditors and among the Noteholders as provided in these Conditions and the Deed of Charge. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Note Trustee, the Security Trustee, the Noteholders and the other Issuer Secured Creditors will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that:

(i) in the event of realisation or enforcement of the Issuer Security and the Class X Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Issuer Security and (in the case of the Class X Note only), the Class X Security (the "**Issuer Secured Assets**");

(ii) the Issuer and the Security Trustee will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security and (in respect of the Class X Note only) the Class X Security in accordance with the payment priorities of the Deed of Charge and all claims in respect of any shortfall will be extinguished; and

(iii) in the event that:

(A) a shortfall in the amount available to pay principal of the Notes of any class exists on the Payment Date falling in May, 2015, (the "**Maturity Date**") or on any earlier date for redemption in full of the Notes or any class of Notes, after payment on the Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or pari passu with the Notes or the related class of Notes; and

(B) the Issuer Security and the Class X Security have not become enforceable as at the Maturity Date or such date of earlier redemption,

the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

For the avoidance of doubt, for so long as any Class X Note is outstanding amounts realised from the enforcement of the Class X Security will be available to the Class X Noteholder only.

Further provisions governing the subordination and extinguishment of the claims of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders are set out in Condition 16 (*Subordination*).

4. Covenants

(a) *Restrictions*

Save with the prior written consent of the Note Trustee or unless otherwise provided in or envisaged by these Conditions or the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(i) Negative Pledge

create or permit to subsist any mortgage, sub-mortgage, assignment, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignment by way of security or any other security interest or encumbrance whatsoever over any of its assets, present or future, (including any uncalled capital);

(ii) Restrictions on Activities

(A) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(B) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment; or

(C) amend, supplement or otherwise modify its memorandum or articles of association or other constitutional documents;

(iii) Disposal of Assets

transfer, sell, lend, factor, discount, convey, assign, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(iv) Dividends or Distributions

declare or pay any dividend or make any other distribution to its shareholders or issue any further shares;

(v) Borrowings

incur or permit to subsist any indebtedness whatsoever, in respect of borrowed money, give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(vi) Merger

consolidate or merge with any other person or convey or transfer all or substantially all of its property or assets to any other person;

(vii) Variation and amendment

(A) permit any of the Transaction Documents to become invalid or ineffective, or the priority of the security interests created thereby to be reduced, amended, terminated, postponed or discharged; or

(B) consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of the Note Trust Deed, these Conditions, the Deed of Charge or any of the other Transaction Documents; or

(C) permit any party to any of the Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security;

(viii) Accounts

have an interest in any bank account other than the Collection Account, the Stand-by Account, the Class X Account, the Collateral Holding Account and the Share Capital Proceeds Account or any other bank or securities account opened and maintained on behalf of the Issuer in accordance with or pursuant to the Transaction Documents, unless such account or interest therein is charged or security is otherwise provided to the Note Trustee on terms acceptable to it;

(ix) Assets

own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and amounts standing to the credit of the Class X Account, the Collateral Holding Account, the Stand-by Account and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time;

(x) VAT

apply to become party of any group for the purpose of Section 8 of the Irish Value Added Tax Act, 1972 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, modify, vary, codify, consolidate or repeal the Irish Value Added Tax Act, 1972; and

(xi) Business Establishment

not have any other business establishment or other fixed establishment other than in Ireland.

In addition, the Issuer shall conduct its business and affairs such that, at all times, its centre of main interests for the purposes of the EU Insolvency Regulation (EC) No. 1346/2000 of 29 May 2000 shall be and remain in Ireland.

In giving any consent to the foregoing, the Note Trustee may require the Issuer to make such modifications or amendments to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders.

(b) *Cash Manager, Calculating and Reporting Agent, Servicer and Special Servicer*

So long as any of the Notes remain outstanding, the Issuer will procure that there will at all times be (i) a cash manager in respect of the monies from time to time standing to the credit of the Collection Account and any other account of the Issuer from time to time (ii) a Calculating and Reporting Agent to make the calculations required under the Transaction Documents and deliver the relevant notices and reports and (iii) a servicer and a special servicer (if applicable) in respect of the Loans and the Related Security.

5. Interest

(a) *Period of Accrual*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note,

that part only of such Note) shall cease to bear interest from its redemption date unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused on any Global Note or Definitive Note, as applicable. Where such principal is improperly withheld or refused on any Note, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which payment in full of the relevant amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder thereof (either in accordance with Condition 15 (*Notice to Noteholders*) or individually) that, upon presentation thereof being duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) *Payment Dates and Interest Accrual Periods*

Subject to Condition 19 (*Limited Recourse*), interest on the Notes is payable quarterly in arrear on the 22 day of February, May, August and November of each year (commencing on 22 February 2006) (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each a "**Payment Date**") in respect of the Interest Accrual Period ending immediately prior thereto. The first Payment Date in respect of each class of Notes will be the Payment Date falling in February 2006 in respect of the period from (and including) the Closing Date to (but excluding) that Payment Date.

In these Conditions, "**Interest Accrual Period**" shall mean the period from (and including) a Payment Date (or, in respect of the first Interest Accrual Period, the Closing Date) to (but excluding) the next following Payment Date.

(c) *Rate of Interest*

The rate of interest payable from time to time in respect of each class of Notes (other than the Class X Note) (each a "**Rate of Interest**" and together the "**Rates of Interest**") will be determined by the Agent Bank on the basis of the following provisions.

The Agent Bank will at, or as soon as practicable after, 11.00 a.m. (London time) two Business Days preceding each Payment Date (each an "**Interest Determination Date**"), determine the Rate of Interest and the Class X Rate of Interest applicable to, and calculate the amount of interest payable on each of the Notes, for the Interest Accrual Period commencing on such Payment Date. The Rate of Interest applicable to the Notes of each class (other than the Class X Note) for any Interest Accrual Period will be equal to EURIBOR (as determined in accordance with this Condition 5(c) (*Rate of Interest)*) plus the Relevant Margin (as defined below).

For the purposes of determining the Rate of Interest in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, "**EURIBOR**" will be determined by the Agent Bank on the basis of the following provisions:

(i) on each Interest Determination Date, the Agent Bank will determine at, or as soon as practicable after, 11.00 a.m. (London time) the interest rate for three-month euro deposits in the European inter-bank market (or in the case of the first Interest Accrual Period, the linear interpolation of such quotation for two and three month euro deposits) which appears on Telerate Screen Page No. 248 (or (i) such other page as may replace Telerate Screen Page No. 248 on that service for the purpose of displaying such information or (ii) 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 Note Trustee) as may replace the Telerate Monitor) (the "**EURIBOR Screen Rate**"); or

(ii) if the EURIBOR Screen Rate is not then available, the Agent Bank will use the arithmetic mean (rounded upwards to five decimal places, 0.000005) of the rates notified to the Agent Bank at its request by each of four leading reference banks duly appointed by the Agent Bank for such purpose (the "**Reference Banks**") as the rate at which three month euro deposits are offered for the same period as that Interest Accrual Period by those Reference Banks to leading banks in the European inter-bank market at or about 11.00 a.m. (London time) on that date (or, in respect of the first Interest Accrual Period, the arithmetic mean of a linear interpolation of the rates for two and three month euro deposits notified by the Reference Banks). If, on any such Interest Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing one or more additional banks to provide such a quotation or quotations to the Agent Bank and the rate for the Interest Accrual Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does not or do not provide such a quotation or quotations, then the rate for the relevant Interest Accrual Period shall be the arithmetic mean (rounded upwards to five decimal places, 0.000005) of the rates quoted by leading London banks, selected by the Agent Bank, at approximately 11.00 a.m. (London time) on the Closing Date or the relevant Interest Determination Date, as the case may be, for loans in euros to leading banks in London for the same period as that Interest Accrual Period or, in the case of the first Interest Accrual Period, the arithmetic mean of a linear interpolation of the rates for two and three month euro deposits.

The following definitions apply in relation to determining the Class X Rate of Interest:

The "**Administrative Cost Factor**" is, as at any Payment Date, equal to the percentage obtained by dividing:

(a) the Administrative Fees for such Payment Date; by

(b) the outstanding principal balance of the Loans immediately after the second Loan Payment Date prior to such Payment Date (taking into account, without double counting, any principal deemed non-recoverable by the Servicer or Special Servicer, as applicable, in relation to a Loan during the preceding Interest Accrual Periods).

The "**Administrative Cost Rate**" is equal to a variable rate applicable to each Loan, which, as of any Payment Date, is the percentage obtained by dividing: (i) the Administrative Cost Factor by (ii) the fraction obtained by dividing (A) the actual number of days in the relevant Interest Accrual Period for such Payment Date, by (B) 360. The Administrative Cost Rate represents as of any date of calculation, the per annum rate at which Periodic Expenses for any Interest Accrual Period accrue against the outstanding principal balance of the Loans

The "**Administrative Fees**" will, as at any Payment Date, be the sum of all Periodic Expenses and other expenses of the Issuer payable on that Payment Date pursuant to paragraphs (a) and (b) of the Pre-Enforcement Revenue Priority of Payments plus VAT, if applicable, or paragraph (a) of the Post Enforcement Priority of Payments but excluding any payment under any Interest Rate Swap Agreement which is not a swap termination payment.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for business in London and Dublin and which is a TARGET Business Day. "**TARGET Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlement Express System settles payments in euro.

"**Enforcement Procedures**" means the procedures which the Servicer or, where relevant, the Special Servicer have in place from time to time for enforcement of the Loans and their Related Security.

"**Loan Interest Accrual Period**" means the period (from and including) a payment date under a Loan, to (but excluding) the next following payment date under the same Loan.

The "**Class X Rate of Interest**", with respect to any Interest Accrual Period, is a per annum rate equal to a percentage calculated as follows:

(a) (i) the interest paid to the Issuer on the balance of the Class X Account in respect of the relevant Interest Accrual Period; **plus**

(ii) all amounts which would be available for payment in accordance with the final paragraph of the Pre-Enforcement Revenue Priorities of Payments on the Payment Date on which the relevant Interest Accrual Period ends after all other payments required to be made by or on behalf of the Issuer on such Payment Date have been made (assuming that payments made under this paragraph (a)(ii) are not taken into account); **plus**

(iii) the product of:

(1) the sum of the principal balances of the Loans, as at the first day of the relevant Interest Accrual Period, and

(2) the Class X Weighted Average Strip Rate for the relevant interest Accrual Period

divided by

(b) the Principal Amount Outstanding of the Class X Note as at the first day of the relevant Interest Accrual Period.

On any Payment Date, the amount of interest due with respect to the Class X Note, is equal to interest accrued during the relevant Interest Accrual Period at the Class X Rate of Interest on the Principal Amount Outstanding of the Class X Note as of the beginning of the relevant Interest Accrual Period.

The "**Class X Weighted Average Strip Rate**" with respect to any Interest Accrual Period will be a per annum rate equal to the excess, if any, of

(a) the Net WAC Rate as at the first day of the related Interest Accrual Period; and

(b) the weighted average of the Rates of Interest of the Notes (other than the Class X Note) as at the first day of the relevant Interest Accrual Period, weighted on the basis of the Principal Amount Outstanding of such Notes as at the first day of the relevant Interest Accrual Period.

The "**Net Mortgage Rate**" for any Loan with respect to any Interest Accrual Period is equal to the interest rate due in respect of such Loan (after giving effect to the Interest Rate Swap Agreements or any reserve) under the terms of the related Credit Agreement, less the Administrative Cost Rate.

The "**Net WAC Rate**" with respect to any Interest Accrual Period, is equal to the weighted average of:

(a) the Net Mortgage Rates for the Assigned Loans; and

(b) the Credit Default Swap Income and the Collateral Income (after giving effect to the Interest Rate Swap Agreement) each expressed as a rate of interest less the Administrative Cost Rate,

weighted on the basis of the respective principal balances of the Assigned Loans as at the first day of the relevant Interest Accrual Period (taking into account, without double counting, any principal in relation to a Loan deemed non-recoverable by the Servicer or Special Servicer, as applicable, in relation to a Loan during the preceding Interest Accrual Periods) and of the notional amount of the Credit Default Swap Transaction as at the first day of the relevant Credit Default Swap Calculation Period.

The "**Relevant Margin**" means, with respect to each class of Notes (other than the Class X Note):

Class A Notes: 0.24 per cent. per annum

Class B Notes: 0.35 per cent. per annum

Class C Notes: 0.60 per cent. per annum

Class D Notes: 1.05 per cent. per annum

(d) *Determination of Rates of Interest and Calculation of Interest Amount for Notes*

The Agent Bank shall, on each Interest Determination Date, notify the Issuer, the Note Trustee, the Security Trustee, the Cash Manager and the Paying Agents in writing of (i) the Rates of Interest and the Class X Rate of Interest applicable to the Interest Accrual Period immediately following such Interest Determination Date in respect of the Notes of each class, (ii) the amount of interest (the "**Interest Amount**") payable, subject to Conditions 5 *(Interest)* and 16 *(Subordination)*, in respect of such Interest Accrual Period in respect of the Notes of each class and (iii) the Payment Date on which such Interest Amounts will be paid. Each Interest Amount in respect of the Notes of each class (other than the Class X Note) shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of the relevant class of Notes and multiplying such sum by the actual number of days in the relevant Interest Accrual Period divided by 360 and rounding the resultant figure downward to the nearest euro cent.

(e) *Publication of Rates of Interest, Interest Amounts and other Notices*

As soon as practicable after receiving notification thereof, the Issuer will cause the Rates of Interest, the Class X Rate of Interest and the Interest Amount applicable to the Notes of each class for each Interest Accrual Period and the Payment Date in respect thereof to be notified in writing to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") (for so long as the Notes are listed on the Irish Stock Exchange) and will cause notice thereof to be given to the relevant class of Noteholders in accordance with Condition 15 (*Notice to Noteholders*). The Interest Amounts, Payment Date and other determinations so notified may subsequently be amended

(or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Accrual Period for the Notes being given to the Noteholders.

(f) *Determination and/or Calculation by the Note Trustee*

If the Agent Bank does not at any time for any reason determine the Rate of Interest or, as the case may be, the Class X Rate of Interest and/or calculate the Interest Amount for any class of the Notes and/or make any other necessary calculations in accordance with the foregoing Conditions, the Note Trustee shall at the cost of the Issuer (i) determine or procure the Rate of Interest or, as the case may be, the Class X Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances, and/or (as the case may be) (ii) calculate the Interest Amount for each class of the Notes in the manner specified in Condition 5(d) *(Determination of Rates of Interest and Calculation of Interest Amounts for Notes)* and (iii) calculate each Note Factor in the manner described in Condition 6(d) *(Principal Amount Outstanding and Note Factor)*, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank, and the Note Trustee shall have no liability in respect thereof.

(g) *Notifications to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Note Trustee shall (in the absence of negligence, fraud, wilful default, bad faith or manifest, known or proven error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Servicer, the Special Servicer, the Security Trustee, the Cash Manager, the Paying Agents and all Noteholders and (in the absence of negligence, fraud, wilful default, bad faith or manifest, known or proven error) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank, the Security Trustee or the Note Trustee in connection with the exercise or non exercise by them or any of them of their powers, duties and discretions hereunder.

(h) *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remain outstanding, there shall, at all times, be four Reference Banks and an Agent Bank. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Agent Bank shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. Any purported resignation by the Agent Bank shall not take effect until a successor so approved by the Note Trustee has been appointed.

(i) Interest on the Class D Notes

The interest due and payable on the Class D Notes is subject, on any Payment Date, to a maximum amount equal to the lesser of (i) the Interest Amount in respect of such class of Notes, as calculated pursuant to Condition 5(d) (*Determination of Rates of Interest and Calculation of Interest Amount for Notes*), and (ii) the amount (the "**Adjusted Interest Amount**") equal to (A) the Revenue Receipts in respect of such Payment Date minus without duplication (B) the sum of all amounts payable out of Revenue Receipts on such Payment Date in priority to the payment of interest on such class of Notes.

6. Redemption and Cancellation

(a) *Final Redemption*

Unless previously redeemed in full and cancelled as provided in this Condition 6 (*Redemption and Cancellation)*, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Maturity Date, being the Payment Date falling in May 2015.

The Issuer may not redeem Notes in whole or in part prior to the Maturity Date except as provided in this Condition 6 *(Redemption and Cancellation)* but without prejudice to Condition 10 *(Note Events of Default)*.

(b) *Mandatory Redemption in Part*

Subject as provided or set out below and as provided in Conditions 6(c) (*Redemption in Full for Tax or Other Reasons*), 6(d) (*Principal Amount Outstanding and Note Factors*) and 6(e) (*Optional Redemption in Full*), prior to the service of a Note Enforcement Notice, the Notes shall be redeemed on each Payment Date on (i) which Principal Receipts and (ii) the relevant amounts standing to the credit of the Class X Account are available, in accordance with the following order of priority (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full from such amounts), as more fully set out in the Deed of Charge (the "**Pre-Enforcement Principal Priority of Payments**"):

(a) first, in the event that a Revenue Shortfall exists on a Calculation Date and the Issuer is not permitted to make an Expenses Drawing in respect of such Revenue Shortfall under the terms of the Liquidity Facility Agreement to the Cash Manager, in an amount equal to such Revenue Shortfall as it may exist on such Payment Date, to be applied by the Cash Manager in accordance with the Pre-Enforcement Revenue Priority of Payments (such amount being a "**Principal Reallocation Amount**").

(b) second, to repay the Principal Amount Outstanding of the Notes in accordance with the applicable Principal Repayment Rules.

The "Principal Repayment Rules" determine the manner in which Principal Receipts and other amounts available for distribution in accordance with the Pre-Enforcement Principal Priority of Payments are applied by the Cash Manager on each Payment Date. The Principal Repayment Rules vary depending on whether a Sequential Repayment Trigger has occurred. The Principal Repayment Rules that apply prior to the occurrence of a Sequential Repayment Trigger are as follows:

(a) 50% of the Applicable Principal Amount shall be applied in accordance with the following order of priority:

(i) in repaying principal on the Class A Notes until the Class A Notes have been redeemed in full;

(ii) in paying that portion of the Class A Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(iii) in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iv) in paying that portion of the Class B Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(v) in repaying principal on the Class C Notes until all the Class C Notes have been redeemed in full;

(vi) in paying that portion of the Class C Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(vii) in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full; and

(viii) in paying that portion of the Class D Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(b) 50% of the Applicable Principal Amount shall be applied in repaying concurrently, pari passu and pro rata (according to the Principal Amount Outstanding of each class of Notes on such Payment Date after the payment of all amounts payable under paragraph (a) above) principal on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;

(c) the Additional Sequential Amount shall be applied in accordance with the priority of payments described in paragraph (a) above;

(d) the CHA Collateral Receipts Primary Amount shall be applied in accordance with the priority of payments described in paragraph (b) above, after the application of 50% of the Applicable Principal Amount as contemplated in paragraph (b) above; and

(e) the CHA Collateral Receipts Secondary Amount shall be applied in accordance with the priority of payments described in paragraph (a) above.

For the purpose of the Principal Repayment Rules:

"**Applicable Principal Amount**" means, as at any Calculation Date:

(a) if the number of Loans outstanding at that Calculation Date is equal or higher than two, Principal Receipts (excluding any CHA Collateral Receipts and any Principal Reallocation Amount), each as determined on that Calculation Date;

(b) if the number of Loans outstanding at that Calculation Date is equal to one, the lower of:

(i) Principal Receipts (excluding any CHA Collateral Receipts and any Principal Reallocation Amount), each as determined on that Calculation Date; and

(ii) the difference between:

(A) the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the immediately preceding Payment Date; and

(B) 33% of the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the Closing Date;

"**Additional Sequential Amount**" means, as at any Calculation Date, the difference between:

(a) Principal Receipts (excluding any CHA Collateral Receipts and any Principal Reallocation Amount), each as determined on that Calculation Date; and

(b) Applicable Principal Amount as determined on that Calculation Date.

"**CHA Collateral Receipts Primary Amount**" means, as at any Calculation Date:

(a) if the number of Loans outstanding at that Calculation Date is equal or higher than two, CHA Collateral Receipts as determined on that Calculation Date;

(b) if the number of Loans outstanding at that Calculation Date is equal to one, the lower of:

(i) CHA Collateral Receipts as determined on that Calculation Date; and

(ii) the difference between:

(A) the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the immediately preceding Payment Date reduced by any amounts applied in accordance with the Principal Repayment Rules described in (a), (b) and (c) above; and

(B) 33% of the Principal Amount Outstanding of the Notes (excluding the Class X Note) as at the Closing Date.

"**CHA Collateral Receipts Secondary Amount**" means, as at any Calculation Date, the difference between:

(a) CHA Collateral Receipts as determined on that Calculation Date; and

(b) the CHA Collateral Receipts Primary Amount as determined by that Calculation Date;

Following the occurrence of a Sequential Repayment Trigger, all Principal Receipts (excluding any Principal Reallocation Amount) shall be applied in accordance with the following order of priority:

(a) (i) in repaying principal on the Class A Notes until the Class A Notes have been redeemed in full;

(ii) in paying that portion of the Class A Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(iii) in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iv) in paying that portion of the Class B Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(v) in repaying principal on the Class C Notes until all of the Class C Notes have been redeemed in full;

(vi) in paying that portion of the Class C Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(vii) in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full; and

(viii) in paying that portion of the Class D Notes that represents any outstanding NAI Amounts allocated to such class (if any);

(b) in respect of the first Payment Date, repaying principal on the Class X Note in an amount of €45,000 from amounts (other than interest) standing to the credit of the Class X Account only to the extent such funds are available and in respect of the final Payment Date in repaying principal on the Class X Note from amounts (other than interest) standing to the credit of the Class X Account only to the event such funds are available, until the Class X Note has been redeemed in full, such funds not being available, for the avoidance of doubt, to repay principal of any other class of Notes; and

(c) any surplus to the Issuer or other person entitled thereto,

provided always that any amounts standing to the credit of the Class X Account following the redemption in full the Class X Note (other than any interest accrued thereon) shall be deemed to be Principal Receipts and distributed in accordance with the Pre-Enforcement Principal Priority of Payments.

"**Sequential Repayment Trigger**" for any Payment Date means any of the following circumstances:

(a) a Material Loan Default is outstanding; or

(b) the cumulative percentage of Loans (calculated by reference to their aggregate principal amount then outstanding and the aggregate principal amount outstanding of the Loans as at the Cut-Off Date) in respect of which a Material Loan Default has occurred since the Closing Date is greater than 25 per cent. of the aggregate principal amount outstanding of the Loans as at the Cut-Off Date; or

(c) the aggregate Principal Amount Outstanding of the Notes at any one time is less than or equal to 33 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date and the number of Loans then outstanding is one; or

(d) NAI amounts have been allocated to any class of Notes since the Closing Date, or there has been a failure to pay interest when due on any Note,

provided that, in relation to (a) and (b), in determining whether a Loan has been subject to a Material Loan Default:

(i) a Material Loan Default shall be deemed not to have occurred if such default has been remedied or cured in accordance with the terms of the underlying Credit Agreement; or

(ii) a Material Loan Default shall be deemed not to have occurred if in respect of a Loan, if Enforcement Procedures have been completed and the principal amount outstanding as well as all amounts of 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 (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).

provided also that if a Sequential Repayment Trigger has occurred on more than three occasions, a Sequential Repayment Trigger shall be treated as having occurred notwithstanding that it is not continuing.

"**Material Loan Default**" means, in relation to the occurrence of a Sequential Repayment Trigger:

(a) the failure of any Borrower to pay any sum (whether of principal, interest or otherwise) due and payable under or in connection with any Loan; or

(b) proceedings are initiated against a Borrower under any applicable liquidation, bankruptcy, insolvency or similar laws.

Each Class X Note will be subject to mandatory redemption in part from amounts standing to the credit of the Class X Account on the first Payment Date in the amount of €45,000. The Class X Note will not otherwise be subject to redemption prior to their maturity, mandatory redemption or the enforcement in full of the Notes, unless:

(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 and Class D Notes.

"**Principal Receipts**" will be determined by the Calculating and Reporting Agent on each Calculation Date to comprise:

(i) all repayments or prepayments of principal received by the Issuer in relation to the Netherlands Loans and Portuguese Loan in accordance with the terms of the relevant Credit Agreements in respect of each Loan Interest Period ending on or immediately prior to such Calculation Date;

(ii) any Enforcement Proceeds Amount (or part thereof) allocable to principal received pursuant to Enforcement Procedures in respect of the Italian Loan and Italian Related Security received on or prior to such Calculation Date and not previously distributed;

(iii) any repayments of the Credit Default Swap Collateral received by the Issuer in accordance with the terms of the Collateral Holding Agreement to reflect any repayments or prepayments of principal in relation to the Italian Loan, or any repayments of the Credit Default Swap Collateral received by the Issuer upon termination of the Credit Default Swap Transaction in each case received by the Issuer in the Calculation Period ending on such Calculation Date (the "**CHA Principal Receipts**");

(iv) recoveries received by the Issuer and allocable to principal upon an enforcement of the Netherlands Related Security or the Portuguese Related Security, as the case may be, and recoveries received by the Issuer and allocable to principal upon a purchase or a repurchase of the Netherlands Loans (including but not limited to any purchase of the Randstad Loan by the Randstad Mezzanine Lenders) or the Portuguese Loan, as the case may be, by the Originator in accordance with the terms of the relevant Loan Sale Agreement or by a third party in each case received by the Issuer in the Calculation Period ending on such Calculation Date; and

(v) any Interest Receipts re-allocated pursuant to paragraph (h) of the Pre-Enforcement Revenue Priority of Payments on such Payment Date.

Subject to Condition 19 (*Limited Recourse*), payments of Principal Receipts, shall be applied, as appropriate, on each Payment Date, commencing on the first Payment Date.

Upon payment in full of the Principal Amounts Outstanding of all the Notes (other than the Class X Note) by redemption pursuant to any provision under this Condition 6 (Redemption and Cancellation) or in the event that the aggregate Principal Amount Outstanding of Loans has been reduced to zero, the amount of €50,000 that is held in a separate account of the Issuer as security for the principal payments of the Class X Note only, shall be paid in full as a payment of principal to the holder of the Class X Note.

(c) *Redemption in full for Tax or other Reasons*

The Notes will be subject to redemption in full but not in part by the Issuer at their Principal Amount Outstanding at the direction of 66⅔ per cent. of the Controlling Class, if as a result of a change in tax law, in Ireland, the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes and other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking

reasonable measures available to it and the Issuer or the Servicer has, prior to giving the notice referred to below, certified to the Note Trustee that the Issuer will have the necessary funds on such Payment Date to discharge all of the Issuer's liabilities in respect of the Notes to be redeemed under this Condition 6(c) *(Redemption for Tax or Other Reasons)* and any amounts required under the Cash Management Agreement, the Note Trust Deed and the Deed of Charge to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, which certificate shall be conclusive and binding, and provided that on the Payment Date on which such notice expires no Note Enforcement Notice has been served, then the Issuer shall on such Payment Date, having given not more than 60 nor less than 30 days' written notice ending on such Payment Date to the Note Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15 *(Notice to Noteholders)*, redeem:

(i) all Class A Notes, in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(ii) the Class X Note in an amount equal to the then aggregate Principal Amount Outstanding of the Class X Note plus interest accrued and unpaid thereon provided always that the Principal Amount Outstanding of the Class X Note is paid only from amounts other than interest standing to the credit of the Class X Account; and

(iii) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(iv) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(v) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon.

(d) *Principal Amount Outstanding and Note Factors*

On the Business Day immediately preceding each Payment Date, the Calculating and Reporting Agent shall determine (i) the Principal Amount Outstanding of each class of Notes on the next following Payment Date (after deducting any principal payment to be paid on such Notes on that Payment Date and any NAI Amounts to be applied on that Payment Date) and (ii) the fraction (the "**Note Factor**"), the numerator of which is equal to the Principal Amount Outstanding (after deducting any principal payment to be paid on such Note on the relevant Payment Date and any NAI Amounts to be applied on that Payment Date) of such Note of the relevant class (calculated on the assumption that the face amount of such Note on the date of issuance thereof was €50,000) and the denominator is 50,000. Each determination by the Calculating and Reporting Agent of the Principal Amount Outstanding of a Note and the Note Factor shall in each case (in the absence of negligence, fraud, wilful default, bad faith or manifest or proven error) be final and binding on all persons.

The "**Principal Amount Outstanding**" of any class of Notes (other than the Class X Note) outstanding on any date shall be the initial principal amount thereof on the Closing Date less:

(a) the aggregate amount of principal repayments or prepayments paid (excluding any such repayment or prepayment of principal made in respect of NAI Amounts) in respect of that class of Notes since the Closing Date and prior to such date (excluding any such payment or repayment of principal made in respect of NAI Amounts); and

(b) the aggregate amount of all NAI Amounts allocated to such class of Notes since the Closing Date and before such date.

For the purposes of these Conditions, "**NAI Amounts**" means, on any Payment Date, in relation to the Notes of a particular class, a share of the aggregate amount of NAI required to be applied to the Notes of that class on such Payment Date in accordance with the following sentence (rounded down to the nearest euro cent). On the Payment Date following the occurrence and during the continuance of circumstances giving rise to NAI, the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by an amount equal to such NAI as follows: first, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero; second, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero; third, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding the Class B Notes is zero; fourth, the Principal Amount Outstanding of the Class A Notes shall be reduced, until the Principal Amount Outstanding of the Class A Notes is zero. Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Principal Amount Outstanding of a Note shall be made on the assumption that the initial principal amount of such Note on the Closing Date was €50,000. For the avoidance of doubt, NAI Amounts shall not be applied to the Class X Note.

"**NAI**" means with respect to any Calculation Date, the amount by which (x) the aggregate amount of principal of each Loan outstanding (as determined by the Servicer or the Special Servicer (in the case of a Specially Serviced Loan)) after taking into account all principal received on or before such Calculation Date, in aggregate, is less than (y) the aggregate Principal Amount Outstanding of all the Notes (other than the Class X Note) on the related Payment Date (after taking into account all amounts of Note principal paid or pre-paid on that Payment Date.

The Issuer (or the Calculating and Reporting Agent on its behalf) will cause each determination of a Principal Amount Outstanding, the Note Factor and the NAI to be notified in writing forthwith to the Note Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and (for so long as the Notes are listed on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Principal Amount Outstanding and the Note Factor to be given to the Noteholders in accordance with Condition 15 *(Notice to Noteholders)* as soon as reasonably practicable.

If the Issuer or the Cash Manager on behalf of the Issuer does not at any time for any reason determine a Principal Amount Outstanding, the Note Factor or the NAI Amount in accordance with the preceding provisions of Condition 6(d) (*Principal Amount Outstanding and Note Factor*), such Principal Amount Outstanding, the Note Factor and the NAI may be determined by the Note Trustee, in accordance with Condition 6(d) (*Principal Amount Outstanding and Note Factor*), and each such determination or calculation shall in the absence of manifest error, be conclusive and binding and shall be deemed to have been made by the Issuer or the Cash Manager, as the case may be. The Note Trustee shall have no liability in respect thereof.

(e) Optional Redemption in Full

Subject to the provisos below, upon giving not more than 60 nor less than 30 days' prior notice to the Note Trustee and the Noteholders in accordance with Condition 15 (*Notice to Noteholders*), the Issuer may redeem all (but not some only) of the Notes specified below at their Principal Amount Outstanding together with any accrued interest on any Payment Date on which the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date, provided that, prior to giving any such notice, the Issuer shall have provided to the Note 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 Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the Issuer Cash Management Agreement, the Deed of Charge and the relevant Priorities of Payment.

(f) Notice of Redemption

Any such notice as is referred to in Condition 5(c) *(Rate of Interest)* and 5(d) *(Publication of Rates of Interest, Interest Amounts and other Notices)* above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class in the amounts specified in these Conditions.

(g) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled forthwith and may not be resold or re-issued.

(h) No Purchase by Issuer

The Issuer may not purchase any of the Notes.

7. Payments

(a) *Global Notes*

Payments of principal and interest in respect of any Global Note will be made only against presentation (and in the case of final redemption of a Global Note or in circumstances where the unpaid principal amount of the relevant Global Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Global Note)) surrender of such Global Note at the specified office of any Paying Agent. A record of each payment so made, distinguishing between payments of principal and payments of interest and, in the case of partial payments, of the amount of each partial payment, will be endorsed on the schedule to the relevant Global Note by or on behalf of the relevant Paying Agent, which endorsement shall be prima facie evidence that such payment has been made.

Payments to holders of interests in such Notes shown in records of Euroclear or Clearstream, Luxembourg as being entitled to receive payments in respect of the Global Notes (such holders being the Euroclear/Clearstream Holders) will be paid in euros.

A Euroclear/Clearstream Holder shall receive payments in respect of its interest in any Global Notes in accordance with Euroclear's or, as the case may be, Clearstream, Luxembourg's rules and procedures. None of the persons from time to time in the records of Euroclear or Clearstream Luxembourg as the holder of a Note of the relevant Class shall have any claim directly against the Issuer or the Note Trustee in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer or the Note Trustee, as the case may be, shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

(b) *Definitive Notes*

Payments of principal and interest in respect of Definitive Notes will be made against presentation (and (i) where, after such payment, the unpaid principal amount of the relevant Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note) or (ii) in the case of the payment of interest due on a Payment Date, surrender) of the relevant Coupon, as the case may be, at the specified office of the Principal Paying Agent and, at the option of the holder, either

by euro denominated cheque drawn on a bank in London or by transfer to a euro denominated account maintained by the payee with a bank in London.

(c) *Laws and Regulations*

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) *Overdue Principal Payments*

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 5(a) *(Period of Accrual)* will be paid against presentation of such Note at the specified office of any Paying Agent.

(e) *Change of Paying Agents*

The Principal Paying Agent is HSBC Bank plc at its offices at 8 Canada Square London E14 5HQ and the Irish Paying Agent is HSBC Institutional Trust Services (Ireland) Limited at its offices at HSBC House, Harcourt Centre, Harcourt Street, Dublin 2. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent and the Agent Bank and to appoint additional or other Agents. The Issuer will at all times maintain an Irish Paying Agent with a specified office in Dublin, for so long as the Notes are listed on the Irish Stock Exchange. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their specified offices to be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*). The Issuer will at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC.

(f) *Presentation on Non-Business Days*

If any Note is presented for payment on a day which is not a Business Day in the place where it is so presented, payment shall be made on the next following day that is a Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

(g) *Accrual of Interest on Late Payments*

If interest is not paid in respect of a Note of any class (other than the Class D Notes) on the date when due and payable (other than because the Payment Date is not a Business Day or by reason of non-compliance with Condition 7(a) *(Global Notes)* or 7(b) (*Definitive Notes*)), then such unpaid interest shall itself, bear interest at the applicable Rate of Interest (or EURIBOR determined in accordance with Condition 5 in respect of interest on the Class X Note) until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 15 *(Notice to Noteholders)*, provided that such interest and interest thereon are, in fact, paid.

(h) *Partial Payments*

If a Paying Agent makes a partial payment in respect of any Note presented to it for payment, such Paying Agent will endorse on the relevant Note a statement indicating the amount and date of such payment.

8. Taxation

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

Issuer or any relevant Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

9. Prescription

Claims for principal in respect of Global Notes shall become void unless the relevant Global Notes are presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of Global Notes shall become void unless the relevant Global Notes are presented for payment within five years of the appropriate relevant date.

Claims for principal and interest in respect of Definitive Notes shall become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 9, the relevant date means the date on which a payment first becomes due, but if the full amount of the moneys payable has not been received by the relevant Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

10. Note Events of Default

(a) *Eligible Noteholders*

If any of the events mentioned in subparagraphs (A) to (E) inclusive below shall occur (each such event being a "**Note Event of Default**"), the Note Trustee at its absolute discretion may, and if so requested in writing by the "**Eligible Noteholders**", being:

(i) the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; or

(ii) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or

(iii) if there are no Class A Notes or Class B Notes outstanding, the holders of not less than 25 per cent. in the aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding; or

(iv) if there are no Class A Notes, Class B Notes or Class C Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class D Notes then outstanding; or

(v) provided that, if the Principal Amount Outstanding of any class of Notes (other than the Class X Note) the holders of which are, for the time being, the most senior class of Notes outstanding has been reduced to less than 5 per cent. of the Principal Amount Outstanding of such class as of the Closing Date, the holders of the Notes of such class together with the next most senior class of Notes then outstanding shall together constitute the Eligible Noteholders and any decision to be taken by the Eligible Noteholders in such circumstances shall be taken by the holders of the Notes of both such classes voting together as a single class,

or if so directed by or pursuant to an Extraordinary Resolution of the most senior class of Noteholders (other than the Class X Noteholder) then

outstanding (or if the Principal Amount Outstanding of any class of Notes the holders of which are, for the time being, the most senior class of Notes (other than the Class X Note) outstanding has been reduced to less than five per cent. of the Principal Amount Outstanding of such class as of the Closing Date, an Extraordinary Resolution of the holders of the Notes of such class together with the next most senior class of Notes (other than the Class X Note) then outstanding voting together as a single class) shall, and in any case aforesaid, subject to the Note Trustee being indemnified and/or secured to its satisfaction, give notice (a "**Note Enforcement Notice**") to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable if:

(A) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, any Class A Note; or, if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class A Notes or Class B Notes outstanding, any Class C Note; or if there are no Class A Notes, Class B Notes or Class C Notes outstanding, any Class D Note, in each case when and as the same becomes due and payable in accordance with these Conditions; or

(B) default is made by the Issuer in the performance or observance of any other obligation binding upon it under the Notes of any class, the Note Trust Deed, the Deed of Charge or any other Transaction Document to which it is party and, in any such case (except where the Note Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days (or such longer period as the Note Trustee may permit in its sole discretion) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(C) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in subparagraph (D) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due; or

(D) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the most senior class of Noteholders (other than the Class X Noteholder) then outstanding; or

(E) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, examination, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an examination administration order, the filing of documents with the court for the appointment of an administrator or examiner or the service of a notice to appoint an administrator or examiner) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator, examiner or other similar official shall be appointed (or formal notice is given of an intention to appoint an administrator) in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer shall take

possession of all or any part of the undertaking, property or assets of the Issuer, or a distress or execution or other process shall be levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such appointment, possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer (or the directors or the shareholders of the Issuer) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, examination, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of or a composition or similar arrangement with its creditors generally or takes steps with a view to obtaining a moratorium in respect of any of the indebtedness of the Issuer,

provided that in the case of each of the events described in subparagraph (B) above, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the most senior class of Noteholders then outstanding.

(b) *Effect of Declaration by Note Trustee*

Upon any declaration being made by the Note Trustee in accordance with Condition 10(a) (*Eligible Noteholders*) above, all classes of the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed and the Issuer Security shall become enforceable.

11. Enforcement

The Security Trustee may, at its discretion and without notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Issuer Security Documents, these Conditions and the other Transaction Documents and the Security Trustee may, at any time after the Issuer Security has become enforceable, at its discretion and without notice, take such steps as it may think fit to enforce the Issuer Security, but the Security Trustee shall not be bound to take any such proceedings or steps unless:

(a) for so long as the Notes are outstanding it has been directed to do so by the Note Trustee; and

(b) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT thereon) which it may incur by so doing.

The Note Trustee will not be bound to issue directions to the Security Trustee in respect of enforcement of the Issuer Security unless, subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes then outstanding; and provided that:

(i) for so long as any Class A Note is outstanding, the Note Trustee shall not be bound to act at the direction of Class B Noteholders unless (a) to do so would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Class A Noteholders or (b) such action is sanctioned by, or the Note Trustee has also been directed to take such action by, an Extraordinary Resolution of the Class A Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal

Amount Outstanding of the Class A Notes then outstanding provided that, if the Principal Amount Outstanding of the Class A Notes has been reduced to less than five per cent. of the Principal Amount Outstanding of such class as of the Closing Date, such Class A Notes shall not be considered "*outstanding*" for the purposes of this Condition 11(c)(i) (*Enforcement*) but shall be treated as Class B Notes and shall vote with the Class B Notes as a single class for the purpose of any such Extraordinary Resolution or written notice;

(ii) for so long as any Class A Note or Class B Note is outstanding, the Note Trustee shall not be bound to act at the direction of Class C Noteholders unless (a) to do so would not, in the opinion of the Note Trustee, be materially prejudicial to the respective interests of the Class A Noteholders and/or the Class B Noteholders or (b) such action is sanctioned by, or the Note Trustee has also been directed to take such action by, an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes then outstanding provided that, if the Principal Amount Outstanding of the Class B Notes has been reduced to less than five per cent. of the Principal Amount Outstanding of such class as of the Closing Date, such Class B Notes shall not be considered "*outstanding*" for the purposes of this Condition 11(c)(ii) (*Enforcement*) but shall be treated as Class C Notes and shall vote with the Class C Notes as a single class for the purpose of any such Extraordinary Resolution or written notice;

(iii) for so long as any Class A Note, Class B Note or Class C Note is outstanding, the Note Trustee shall not be bound to act at that direction of the Class D Noteholders unless (a) to do so would not, in the opinion of the Note Trustee, be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and/or the Class C Noteholders or (b) such action is sanctioned by, or the Note Trustee has also been directed to take such action by, an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes then outstanding provided that, if the Principal Amount Outstanding of the Class C Notes has been reduced to less than five per cent. of the Principal Amount Outstanding of such class as of the Closing Date, such Class C Notes shall not be considered "*outstanding*" for the purposes of this Condition 11(c)(iii) (*Enforcement*) but shall be treated as Class D Notes and shall vote with the Class D Notes as a single class for the purpose of any such Extraordinary Resolution or written notice; and

(vi) at no time, other than in accordance with Condition 12(h) or as otherwise as expressly provided in these Conditions or in the Transaction Documents, shall the Note Trustee be bound to act at the direction or request of the Class X Noteholder;

(c) Enforcement of the Issuer Security will be the only remedy available to the Note Trustee and the Noteholders for the repayment of the Notes and any interest thereon. No Noteholder nor the Security Trustee shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Security Trustee, having become bound to do so, fails to do so within 90 days from the date it becomes so bound and such failure shall be continuing provided that: (i) no Class B Noteholder, Class C Noteholder or Class D Noteholder, for so long as any Class A Notes is outstanding; (ii) no Class C Noteholder or Class D Noteholder, for so long as any Class A Note or any Class B Note is outstanding; (iii) no Class D Noteholder for so long as any Class A Note, any Class B Note or any Class C Note is outstanding and, (vi) in any event, no Class X Noteholder, shall be

entitled to take proceedings for the winding up, liquidation, examination or administration of the Issuer. The Security Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Issuer Secured Party under the Issuer Security Documents; and

(d) If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security and, in respect of the Class X Note only, the Class X Security are not sufficient to make all payments due in respect of the Notes (if any), the Issuer's other assets (including without limitation amounts standing to the credit of the Share Capital Proceeds Account, the Stand-by Account and those amounts standing to the credit of the Collateral Holding Account (if any) which are required to be paid to the Credit Protection Buyer in priority to the Issuer) will not be available for payment of any shortfall arising therefrom, which shortfall will be borne in accordance with the provisions of these Conditions and the Deed of Charge. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security and, in respect of the Class X Note only, the Class X Security, shall be extinguished and the Note Trustee, the Security Trustee, the Noteholders and the other Issuer Secured Creditors shall have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, as applicable, is deemed to acknowledge and accept that it is fully aware that, in the event of an enforcement of the Issuer Security and, in respect of the Class X Note only, the Class X Security, (i) its right to obtain repayment in full is limited to the Issuer Security and, in respect of the Class X Note only, the Class X Security and (ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to each Noteholder its relevant proportion of the proceeds of realisation or enforcement of the Issuer Security and, in respect of the Class X Note only, the Class X Security in accordance with these Conditions and the Deed of Charge, and all claims in respect of any shortfall will be extinguished and (iii) if a shortfall in the amount owing in respect of principal of the Notes of any Class exists on the Maturity Date of any class, after payment on the Maturity Date of all other claims ranking higher in priority to the Notes or the relevant class of Notes and the Issuer Security and, in respect of the Class X Note only, the Class X Security has not become enforceable as at the Maturity Date, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished; and

(e) any enforcement action of the type contemplated in (c) by a Noteholder shall be subject to the limitations contemplated in Clause 5.1 of the Deed of Charge.

12. Meetings of Noteholders, Modification and Waiver and Substitution

(a) The Note Trust Deed contains provisions for convening meetings of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class X Noteholder to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, among other things, the removal of the Note Trustee or modification of the Notes or the Note Trust Deed (including these Conditions) and/or the provisions of any of the other Transaction Documents.

(b) An Extraordinary Resolution of the Class A Noteholders shall be binding on the Class X Noteholder, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders irrespective of the effect upon them, except that no Extraordinary Resolution of the Class A Noteholders to sanction a modification (including a Basic Terms Modification (as defined in Condition 12(k)), or a waiver or authorisation of any breach or proposed breach of any of the provisions of, the Note Trust Deed, these Conditions or any of the other Transaction Documents including in relation to a Basic Terms Modification, shall take effect unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of each of the Class X Noteholder, Class B Noteholders, the Class C Noteholders, and the Class D Noteholders or it shall not, in the opinion of the Note Trustee, in its sole discretion, be materially

prejudicial to the respective interests of the Class X Noteholder, Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

(c) An Extraordinary Resolution of the Class B Noteholders (other than as referred to in Condition 12(b) (*Meetings of Noteholders, Modification and Waiver and Substitution*)) shall not be effective for any purpose unless:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders (and for greater certainty, an Extraordinary Resolution (as defined in Condition 12(b) (*Meetings of Noteholders, Modification and Waiver and Substitution*)) relating to a Basic Terms Modification shall be materially prejudicial to the interests of the Class A Noteholders); or

(ii) in the case of the Class A Notes, it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or

(iii) none of the Class A Notes remain outstanding.

An Extraordinary Resolution of the Class B Noteholders shall be binding on the Class X Noteholder, the Class C Noteholders and the Class D Noteholders irrespective of the effect on them, except that no Extraordinary Resolution of the Class B Noteholders to sanction a modification (including a Basic Terms Modification (as defined in Condition 12(i) (*Meetings of Noteholders, Modification and Waiver and Substitution*)) or a waiver or authorisation of any breach or proposed breach of any of the provisions of the Note Trust Deed, these Conditions or any of the other Transaction Documents including in relation to a Basic Terms Modification, shall be binding unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders or the Class D Noteholders, or it shall not, in the opinion of the Note Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class C Noteholders and the Class D Noteholders.

(d) An Extraordinary Resolution of the Class C Noteholders (other than as referred to in Condition 12(b) *(Meetings of Noteholders, Modification and Waiver and Substitution)* or 12(c) *(Meetings of Noteholders, Modification and Waiver and Substitution)*) shall not be effective for any purpose unless:

(i) the Note 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 (for greater certainty, an Extraordinary Resolution (other than as referred to in Condition 12(b) *(Meetings of Noteholders, Modification and Waiver and Substitution)* or 12(c) (*Meetings of Noteholders, Modification and Waiver and Substitution*)) relating to a Basic Terms Modification shall be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders); or

(ii) in the case of the Class A Notes and the Class B Notes it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and/or the Class B Noteholders, as applicable; or

(iii) none of the Class A Notes and the Class B Notes remain outstanding.

An Extraordinary Resolution of the Class C Noteholders shall be binding on the Class X Noteholder and the Class D Noteholders irrespective of the effect on them except that no Extraordinary Resolution of the Class C Noteholders to sanction a modification (including a Basic Terms Modification (as defined in Condition 12(i) (*Meetings of Noteholders, Modification and Waiver and Substitution*)) or a waiver or authorisation of any breach or proposed breach of any of the provisions of the Note Trust Deed, these Conditions or any of the other Transaction Documents including in relation to a Basic Terms Modification, shall be binding unless it shall have been

sanctioned by an Extraordinary Resolution of the Class D Noteholders or it shall not, in the opinion of the Note Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class D Noteholders.

(e) An Extraordinary Resolution of the Class D Noteholders (other than as referred to in Condition 12(b) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(c) (*Meetings of Noteholders, Modification and Waiver and Substitution*) or 12(d) (*Meetings of Noteholders, Modification and Waiver and Substitution*)) shall not be effective for any purpose unless:

(i) the Note 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 (for greater certainty, an Extraordinary Resolution (other than as referred to in Condition 12(b) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(c) *(Meetings of Noteholders, Modification and Waiver and Substitution)* or 12(d) *(Meetings of Noteholders, Modification and Waiver and Substitution)*) relating to a Basic Terms Modification shall be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders); or

(ii) in the case of the Class A Notes, Class B Notes and the Class C Notes, it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and/or the Class C Noteholders, as applicable; or

(iii) none of the Class A Notes, the Class B Notes and the Class C Notes remain outstanding.

An Extraordinary Resolution of the Class D Noteholders shall be binding on the Class X Noteholder.

(h) An Extraordinary Resolution of the Class X Noteholder (other than as referred to in Condition 12(b) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(c) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(d) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(e) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(f)) *(Meetings of Noteholders, Modification and Waiver and Substitution)* or 12(g)) *(Meetings of Noteholders, Modification and Waiver and Substitution)*) shall not be effective for any purpose unless :

(i) the Note 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 (for greater certainty, an Extraordinary Resolution (other than as referred to in Condition 12(b) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(c) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(d) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(e) *(Meetings of Noteholders, Modification and Waiver and Substitution)*, 12(f) *(Meetings of Noteholders, Modification and Waiver and Substitution*) or 12(g)) *(Meetings of Noteholders, Modification and Waiver and Substitution)* relating to a Basic Terms Modification shall 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

(ii) in the case of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and/or the Class D Noteholders, as applicable; or

(iii) none of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes remain outstanding.

(i) Notwithstanding the foregoing, no Extraordinary Resolution to authorise or sanction a modification (including a Basic Terms Modification (as defined in Condition 12(k)) or a waiver or authorisation of any breach or proposed breach of any provisions of the Note Trust Deed, these Conditions or any of the Transaction Documents including in relation to a Basic Terms Modification shall be effective unless such Extraordinary Resolution shall not in the opinion of the Note Trustee, in its sole discretion, be materially prejudicial to the interests of the Class X Noteholder.

(j) Subject as provided below, the quorum at any meeting of the Noteholders of any class of Noteholders for passing an Extraordinary Resolution shall be one or more persons present holding or representing a clear majority of the Principal Amount Outstanding of the Notes of such class for the time being outstanding or, at any adjourned meeting, one or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of Notes so held or represented.

(k) (i) The quorum at any meeting of the Noteholders of any class of Noteholders for passing an Extraordinary Resolution (i) sanctioning a modification of the date of maturity of the Notes (or any of them); (ii) which would have the effect of postponing any day for the payment of interest on the Notes (or any of them); (iii) which would have the effect of increasing, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes (or any of them); (iv) which would have the effect of modifying the method of calculating the amount payable or the date of payment or the priority of payment in respect of any interest or principal in respect of the Notes (or any of them); (v) modifying or which would have the effect of modifying the definition of Basic Terms Modification; (vi) altering the currency of payment of the Notes (or any of them); (vii) which would have the effect of altering the quorum or majority required to pass an Extraordinary Resolution; or (viii) which would have the effect of modifying the allocation of prepayment fees and security release fees of the Class X Note (each a "**Basic Terms Modification**") shall be one or more persons present holding Notes of such class or voting certificates in respect thereof or being proxies representing not less than 75 per cent. of the Principal Amount Outstanding of the Notes of the relevant class for the time being outstanding, or at any adjourned such meeting, not less than 33 ⅓ per cent. of the Principal Amount Outstanding of the Notes of the relevant class for the time being outstanding. The foregoing notwithstanding, the implementation of certain Basic Terms Modifications will be subject to the receipt of written confirmation from each Rating Agency then rating the Notes that the then current ratings of each class of Notes rated thereby will not be qualified, downgraded or withdrawn as a result of such modification. Additionally, written notice of such modifications shall be provided to the Irish Stock Exchange.

(ii) Subject to paragraph (iii) below, the quorum at any meeting of the Noteholders of any class of Noteholders for passing a resolution sanctioning the disposal of the Issuer's in interest in any one or more of the Netherlands Loans and/or the Portuguese Loan shall be one or more persons present holding Notes of such class or voting certificates in respect thereof or being proxies representing not less than 100 per cent. of the Principal Amount Outstanding of the Notes of the Controlling Class for the time being outstanding, or at any adjourned such meeting, not less than 75 per cent. of the Principal Amount Outstanding of the Notes of the Controlling Class for the time being outstanding. The majority required to pass such a resolution shall be not less than 75 per cent. of the Principal Amount Outstanding of the Notes of the Controlling Class for the time being outstanding. Such a resolution passed at a meeting of the holders of one class of Notes shall not be binding on any class of Noteholders or any other person unless it has

been validly passed at a separate meeting of each other class of Noteholder. Additionally, written notice of each such resolution shall be provided to the Irish Stock Exchange.

(iii) The quorum at any meeting of the Noteholders of any class of Noteholders for passing a resolution sanctioning the disposal of the Issuer's in interest in any one or more of the Netherlands Loans and/or the Portuguese Loan at any time when either (x) only one Loan is outstanding or (y) the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date shall be one or more persons present holding Notes of such class or voting certificates in respect thereof or being proxies representing not less than 100 per cent. of the Principal Amount Outstanding of the Notes of the Controlling Class for the time being outstanding, or at any adjourned such meeting, not less than 75 per cent. of the Principal Amount Outstanding of the Notes of the Controlling Class for the time being outstanding. The majority required to pass such a resolution shall be not less than 75 per cent. of the Principal Amount Outstanding of the Notes of the Controlling Class for the time being outstanding. Written notice of each such resolution shall be provided to the Irish Stock Exchange.

(l) An Extraordinary Resolution passed at any meeting of the Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

(m) The Note Trustee may agree, without the consent of the Noteholders of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes, the Note Trust Deed (including these Conditions) or any of the other Transaction Documents (except any breach or proposed breach in respect of a provision, the modification of which would constitute a Basic Terms Modification) which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders of any class or (ii) to any modification of the Notes, the Note Trust Deed (including these Conditions) or any of the other Transaction Documents which, in the opinion of the Note Trustee, is to correct a manifest error or a proven (to the satisfaction of the Note Trustee) error or is of a formal, minor or technical nature and the Note Trustee may also, without the consent of the Noteholders of any class, determine that a Note Event of Default shall, or shall not subject to specified conditions, be treated as such; provided always that the Note Trustee shall not exercise such powers of modification, waiver, authorisation or determination in contravention of any express written direction given by the Eligible Noteholders or by an Extraordinary Resolution of the most senior class of Noteholders then outstanding (provided that no such direction shall affect any modification, authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 *(Notice to Noteholders)*.

(n) Where the Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions under or in relation to the Note Trust Deed, the Notes, the Conditions or any other Transaction Documents, to have regard to the interests of the Noteholders or, as the case may be, the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any

indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(o) The Note Trustee shall be entitled to determine, in its own opinion, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders or any class of Noteholders and in making such a determination shall be entitled to take into account, without enquiry among any other things it may, in its absolute discretion, consider necessary and/or appropriate, any confirmation by a Rating Agency, (if available) that the then current ratings of the Notes or, as the case may be, the Notes of such class will not be downgraded, withdrawn or qualified as a result by such exercise. For the avoidance of doubt the Note Trustee shall continue to be responsible for taking into account, for the purpose of exercising or refraining from exercising any power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents, all matters which would be relevant to such exercise.

(p) The Note Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this condition) as the principal debtor in respect of the Notes and the Note Trust Deed of another body corporate (being a single purpose vehicle) provided that each Rating Agency then rating the Notes has confirmed in writing to the Note Trustee that the then current ratings of each class of Notes rated thereby will not be qualified, downgraded, suspended, withdrawn, qualified or otherwise adversely affected as a result of such substitution, and provided further that such substitution would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders of any class and subject to certain other conditions set out in the Note Trust Deed being complied with or to be complied with (or suitable arrangements in place to ensure compliance with such conditions). In the case of substitution of the Issuer (or of any such previous substitute), the Irish Stock Exchange shall be notified of such substitution, a supplemental offering circular will be prepared and filed with the Irish Stock Exchange and notice of the substitution will be given to the Noteholders in accordance with Condition 15 *(Notice to Noteholders)* as soon as practicable thereafter.

(q) Notwithstanding the generality of the foregoing provisions of this Condition 12 (*Meetings of Noteholders, Modification and Waiver and Substitution*), where pursuant to the terms of this Condition, an Extraordinary Resolution passed by any class of Notes binds any more junior class or classes of Notes, if the Principal Amount Outstanding of any such senior class of Notes has been reduced to less than five per cent. of the Principal Amount Outstanding of such class as of the Closing Date, such senior class of Notes shall not be considered as outstanding for the purposes of this Condition, the power of passing such an Extraordinary Resolution binding any more junior class or classes of Notes shall pass to the next most senior class of Notes then outstanding and the holders of the Notes of such senior class shall for the purposes of passing such an Extraordinary Resolution be counted as a single class with the next most senior class of Notes then outstanding.

13. Indemnification and Exoneration of the Note Trustee and Security Trustee

The Note Trust Deed, the Deed of Charge, the Servicing Agreement and certain of the other Transaction Documents contain provisions governing the responsibility (and relief from responsibility) in respect of each of the Note Trustee and the Security Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified and/or secured to its satisfaction. Save as expressly provided in the Transaction Documents, the Security Trustee will not be responsible for any loss, theft, expense or liability whatsoever which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or monitor the adequacy of such or being held by or to the order of other parties to the Transaction Documents,

clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Security Trustee.

The Note Trust Deed and the Deed of Charge contain provisions pursuant to which each of the Note Trustee and the Security Trustee or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders or any other Issuer Secured Creditor, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Deed of Charge provides that the Security Trustee shall accept without investigation, requisition or objection such right and title as the Issuer may have to the Issuer's property secured pursuant to the Issuer Security Documents and shall not be bound or concerned to examine such right and title, and the Security Trustee shall not be liable for any defect or failure in the right, interest, benefit or title of the Issuer to the property secured pursuant to the Issuer Security Documents whether such defect or failure was known to the Security Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not. The Security Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Security Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured to its satisfaction or to supervise the performance by the Servicer, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Credit Default Swap Provider, or any other person of their obligations under the Transaction Documents and the Security Trustee shall assume, until it has actual knowledge or express notice to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of Global Notes and Definitive Notes

If any Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Paying Agent, or the Note Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

15. Notice to Noteholders

(a) All notices, other than notices given in accordance with the following paragraphs of this Condition 15, (*Notice to Noteholders*) shall be deemed to have been validly given if published in a leading daily newspaper printed in the English language and with general circulation in Dublin (which is expected to be The Irish Times) or, if that is not practicable, in such English language newspaper or newspapers as the Note Trustee shall approve having a general circulation in Ireland and the rest of Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. For so long as the Notes of any class are represented by Global Notes, notices to Noteholders will be validly given if published as described above or, for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so allow, if delivered to the Common Depositary for communication by it to Euroclear and/or Clearstream, Luxembourg for communication by them to

their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg as aforesaid shall be deemed to have been given on the day on which it is delivered to the Common Depositary.

(b) Any notice specifying a Payment Date, a Rate of Interest, a Class X Rate of Interest, an Interest Amount, a Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee and notified to the Noteholders pursuant to Condition 15(a) *(Notice to Noteholders)*. Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 15(a) *(Notice to Noteholders)*. The Calculating and Reporting Agent shall give statements to Noteholders and notice of an NAI Amount, a Note Factor or the NAI through its website, which is initially located at www.cblink.com.

(c) A copy of each notice given in accordance with this Condition 15 *(Notice to Noteholders)* shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange, to Moody's Investor Services Limited ("**Moody's**"), Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) ("**S&P**"), and Fitch Ratings Ltd. ("**Fitch**" and together with S&P and Moody's, the "**Rating Agencies**") to which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Note Trustee, to provide a credit rating in respect of the Notes or any class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to "**rating**" and "**ratings**" in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

(d) The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

16. Subordination

(a) *Subordination of Class B Notes*

(i) Interest

In the event that, on any Payment Date which falls prior to the Payment Date on which the Class A Notes are redeemed in full, the amount available to the Issuer on that Payment Date for application in or towards the payment of interest which would be, but for the operation of this Condition 16(a), due in relation to the Class B Notes on such Payment Date (such aggregate available funds being referred to in this Condition 16(a) (*Subordination*) as the "**Class B Residual Amount**", and the difference between the amount of interest on the Class B Notes which would but for the operation of this Condition 16(a) have been due on such Payment Date and the Class B Residual Amount being the "**Class B Conditional Interest Amount**"), is not sufficient to pay in full the aggregate amount of interest which would be due, but for the operation of this Condition 16(a) (*Subordination*), on the Class B Notes on such Payment Date, then notwithstanding any other provision of these Conditions, there shall be payable on the Class B Notes on such Payment Date only a *pro rata* share of the interest which would otherwise

have been due on such Payment Date calculated by dividing the Class B Residual Amount by the amount of interest on the Class B Notes which would otherwise have been due.

In any such event, the Issuer shall create a provision in its accounts for the Class B Conditional Interest Amount. Such provision for the Class B Conditional Interest Amount shall accrue interest. To the extent that there are funds available for the purpose on any subsequent Payment Date, the Class B Conditional Interest Amount to the extent of such funds shall become payable and such funds shall be applied in payment of the Class B Conditional Interest Amount (together with accrued interest thereon) becoming so payable and the provision shall be reduced by the amount of any such payment. If, on the Maturity Date (or, in the case of any earlier redemption of the Class B Notes in full, on the date of such redemption or, if earlier, the date on which the Issuer Security is enforced), there remains such a provision, Class B Conditional Interest Amount equal to the amount of such provision (together with accrued interest thereon) will become payable on that date.

On the Payment Date which immediately follows the Payment Date on which the Class A Notes are redeemed in full, all such Class B Conditional Interest Amounts not payable until the Payment Date on which the Class A Notes are redeemed in full shall become due and payable in full.

In the event that, on any Payment Date which falls after the Payment Date on which the Class A Notes are redeemed in full (other than a Payment Date which immediately follows a Payment Date on which there was a Class B Conditional Interest Amount), the Class B Residual Amount is not sufficient to pay in full the aggregate amount of the conditional interest amount which would be due by the operation of this Condition 16(a) (*Subordination of Class B Notes*), then, notwithstanding any other provision of these Conditions (but subject always to the following paragraph), only a *pro rata* share of the Class B Conditional Interest Amount which would otherwise have been due on such Payment Date calculated by dividing the Class B Residual Amount by the Class B Conditional Interest Amount which would otherwise have been due shall be payable on such Payment Date.

In any such event, the Issuer shall create a provision in its accounts for the Class B Conditional Interest Amount, equal to the amount by which the Class B Conditional Interest Amount paid on the Class B Notes on the previous Payment Date in accordance with this Condition 16(a) (*Subordination of Class B Notes*) fell short of the Class B Conditional Interest Amount that would otherwise have been payable on the Class B Notes on that Payment Date but for the operation of this Condition 16. Such Class B Conditional Interest Amount shall accrue interest. The Class B Conditional Interest Amount (together with accrued interest thereon) shall become due and payable on the following Payment Date, together with all amounts of interest on the Class B Notes which are otherwise due on such Payment Date (or, in the case of any earlier redemption of the Class B Notes in full, on the date of such redemption or, if earlier, the date on which the Issuer Security is enforced).

(ii) Principal

Other than in the circumstances set out in Condition 6(b) (*Mandatory Redemption in part*), until the Class A Notes are redeemed in full, the Class B Noteholders will not be entitled to any repayment of any Principal Amount Outstanding in respect of the Class B Notes.

Where the aggregate amount of funds available to the Issuer on the Maturity Date for application in or towards the payment of the Principal Amount Outstanding which is, subject to this Condition 16(a) (*Subordination of Class B Notes*), due in respect of the Class B Notes on such date (such aggregate available funds being referred to in this Condition 16 as the "**Class B Principal Residual Amount**") is not sufficient to pay in full the aggregate of the entire Principal Amount Outstanding due in respect of the Class B Notes on such date, there shall be payable on such date by way of Principal Amount Outstanding in respect of the Class B Notes only an equal *pro rata* share of the Class B Principal Residual Amount on such date calculated by dividing the Class B Principal Residual Amount by the amount of Principal Amount Outstanding which would otherwise have been due in respect of the Class B Notes. The Issuer's obligations in respect of any remaining unpaid amount of Principal Amount Outstanding in respect of the Class B Notes shall, notwithstanding any other provisions of these Conditions, be extinguished.

(iii) Enforcement

In the event that amounts received by the Note Trustee in respect of the Notes, including amounts recovered from the Issuer Secured Assets, following enforcement by the Security Trustee under Condition 11 *(Enforcement)* are insufficient, after payment of all claims ranking in priority to the Class B Notes under the Deed of Charge, to pay in full all Principal Amount Outstanding, Class B Conditional Interest Amounts and interest and other amounts whatsoever due in respect of the Class B Notes, such proceeds shall be applied first in paying any accrued interest, second, in paying any Class B Conditional Interest Amounts and, third, in paying any Principal Amount Outstanding due in respect of the Class B Notes. In the event that such proceeds are insufficient to pay all accrued interest, Class B Conditional Interest Amounts and Principal Amount Outstanding, then to the extent that the proceeds are insufficient, and notwithstanding any other provision of these Conditions, the Issuer's liability to pay such amounts shall be extinguished and shall not thereafter be revived.

(b) *Subordination of Class C Notes*

(i) Interest

In the event that, on any Payment Date which falls prior to the Payment Date on which the Class B Notes are redeemed in full, the amount available to the Issuer on that Payment Date for application in or towards the payment of interest which would be, but for the operation of this Condition 16(b) (*Subordination of Class C Notes*), due in relation to the Class C Notes on such Payment Date (such aggregate available funds being referred to in this Condition 16(b) (*Subordination of Class C Notes*) as the "**Class C Residual Amount**", and the difference between the amount of interest on the Class C Notes which would but for the operation of this Condition 16(b) have been due on such Payment Date and the Class C Residual Amount being the "**Class C Conditional Interest Amount**"), is not sufficient to pay in full the aggregate amount of interest which would be due, but for the operation of this Condition 16(b (*Subordination of Class C Notes*), on the Class C Notes on such Payment Date, then notwithstanding any other provision of these Conditions, there shall be payable on the Class C Notes on such Payment Date only a *pro rata* share of the interest which would otherwise have been due on such Payment Date calculated by dividing the Class C Residual Amount by the amount of interest on the Class C Notes which would otherwise have been due.

In any such event, the Issuer shall create a provision in its accounts for the Class C Conditional Interest Amount. Such provision for the Class C Conditional Interest Amount shall accrue interest. To the extent that there are funds available for the purpose on any subsequent Payment Date, the Class C Conditional Interest Amount to the extent of such funds shall become payable and such funds shall be applied in payment of the Class C Conditional Interest Amount (together with interest accrued thereon) becoming so payable and the provision shall be reduced by the amount of any such payment. If, on the Maturity Date (or, in the case of any earlier redemption of the Class C Notes in full, on the date of such redemption or, if earlier, the date on which the Issuer Security is enforced), there remains such a provision, Class C Conditional Interest Amount equal to the amount of such provision (together with interest accrued thereon) will become payable on that date.

On the Payment Date which immediately follows the Payment Date on which the Class B Notes are redeemed in full, all such class C Conditional Interest Amounts not payable until the Payment Date on which the Class B Notes are redeemed in full shall become due and payable in full.

In the event that, on any Payment Date which falls after the Payment Date on which the Class B Notes are redeemed in full (other than a Payment Date which immediately follows a Payment Date on which there was a Class C Conditional Interest Amount), the Class C Residual Amount is not sufficient to pay in full the aggregate amount of the conditional interest amount which would be due by the operation of this paragraph, then, notwithstanding any other provision of these Conditions (but subject always to the following paragraph), only a *pro rata* share of the Class C Conditional Interest Amount which would otherwise have been due on such Payment Date calculated by dividing the Class C Residual Amount by the Class C Conditional Interest Amount which would otherwise have been due shall be payable on such Payment Date.

In any such event, the Issuer shall create a provision in its accounts for the Class C Conditional Interest Amount, equal to the amount by which the Class C Conditional Interest Amount paid on the Class C Notes on the previous Payment Date in accordance with this Condition 16(b) (*Subordination of Class C Notes*) fell short of the Class C Conditional Interest Amount that would otherwise have been payable on the Class C Notes on that Payment Date but for the operation of this Condition 16(b) (*Subordination of Class C Notes*). Such Class C Conditional Interest Amount shall accrue interest. The Class C Conditional Interest Amount (together with accrued interest thereon) shall become due and payable on the following Payment Date, together with all amounts of interest on the Class C Notes which are otherwise due on such Payment Date (or, in the case of any earlier redemption of the Class C Notes in full, on the date of such redemption or, if earlier, the date on which the Issuer Security is enforced).

(ii) Principal

Other than in the circumstances set out in Condition 6(b) *(Mandatory Redemption)*, until the Class B Notes are redeemed in full, the Class C Noteholders will not be entitled to any repayment of any Principal Amount Outstanding in respect of the Class C Notes.

Where the aggregate amount of funds available to the Issuer on the Maturity Date for application in or towards the payment of the Principal Amount Outstanding which is, subject to this Condition 16(b) (*Subordination of Class C Notes*), due in respect of the Class C Notes on such date (such aggregate available funds being referred to in this Condition 16 as the "**Class C**

Principal Residual Amount") is not sufficient to pay in full the aggregate of the entire Principal Amount Outstanding due in respect of the Class C Notes on such date, there shall be payable on such date by way of Principal Amount Outstanding in respect of the Class C Notes only an equal *pro rata* share of the Class C Principal Residual Amount on such date calculated by dividing the Class C Principal Residual Amount by the amount of Principal Amount Outstanding which would otherwise have been due in respect of the Class C Notes. The Issuer's obligations in respect of any remaining unpaid amount of Principal Amount Outstanding in respect of the Class C Notes shall, notwithstanding any other provisions of these Conditions, be extinguished.

(iii) Enforcement

In the event that amounts received by the Note Trustee in respect of the Notes, including amounts recovered from the Issuer Secured Assets, following enforcement by the Security Trustee under Condition 11 *(Enforcement)* are insufficient, after payment of all claims ranking in priority to the Class C Notes under the Deed of Charge, to pay in full all Principal Amount Outstanding, Class C Conditional Interest Amounts and interest and other amounts whatsoever due in respect of the Class C Notes, such proceeds shall be applied first in paying any accrued interest, second, in paying any Class C Conditional Interest Amounts and third, in paying any Principal Amount Outstanding. In the event that such proceeds are insufficient to pay all accrued interest, Class C Conditional Interest Amounts and Principal Amount Outstanding due in respect of the Class C Notes, then to the extent that the proceeds are insufficient, and notwithstanding any other provision of these Conditions, the Issuer's liability to pay such amounts shall be extinguished and shall not thereafter be revived.

(c) *Subordination of Class D Notes*

(i) Interest

In the event that, on any Payment Date which falls prior to the Payment Date on which the Class C Notes are redeemed in full, the amount available to the Issuer on that Payment Date for application in or towards the payment of interest which would be, but for the operation of this Condition 16(c) (*Subordination of Class D Notes*), due in relation to the Class D Notes on such Payment Date (such aggregate available funds being referred to in this Condition 16(c) as the "**Class D Residual Amount**" and the difference between the amount of interest on the Class D Notes which would but for the operation of this Condition 16(c) have been due on such Payment Date and the Class D Residual Amount being the "**Class D Conditional Interest Amount**"), is not sufficient to pay in full the aggregate amount of interest which would be due, but for the operation of this Condition 16(c), on the Class D Notes on such Payment Date, then notwithstanding any other provision of these Conditions, there shall be payable on such Payment Date only a *pro rata* share of the interest which would otherwise have been due on such Payment Date calculated by dividing the Class D Residual Amount by the amount of interest which would otherwise have been due and the Issuer's liability to pay the amount of any Class D Conditional Interest Amount shall be immediately extinguished and shall not, thereafter, be revived.

(ii) Principal

Other than in the circumstances set out in Condition 6(b) (*Mandatory Redemption*), until the Class C Notes are redeemed in full, the Class D Noteholders will not be entitled to any repayment of any Principal Amount Outstanding in respect of the Class D Notes.

Where the aggregate amount of funds available to the Issuer on the Maturity Date for application in or towards the payment of the Principal Amount Outstanding which is, subject to this Condition 16(c) (*Subordination of Class D Notes*), due in respect of the Class D Notes on such date (such aggregate available funds being referred to in this Condition 16 as the "**Class D Principal Residual Amount**") is not sufficient to pay in full the aggregate of the entire Principal Amount Outstanding due in respect of the Class D Notes on such date, there shall be payable on such date by way of Principal Amount Outstanding in respect of the Class D Notes only an equal *pro rata* share of the Class D Principal Residual Amount on such date calculated by dividing the Class D Principal Residual Amount by the amount of Principal Amount Outstanding which would otherwise have been due in respect of the Class D Notes. The Issuer's obligations in respect of any remaining unpaid amount of Principal Amount Outstanding in respect of the Class D Notes shall, notwithstanding any other provisions of these Conditions, be extinguished.

(iii) Enforcement

In the event that amounts received by the Note Trustee in respect of the Notes, including amounts recovered from the Issuer Secured Assets, following enforcement by the Security Trustee under Condition 11 *(Enforcement)* are insufficient, after payment of all claims ranking in priority to the Class D Notes under the Deed of Charge, to pay in full all Principal Amount Outstanding, and interest and other amounts whatsoever due in respect of the Class D Notes, such proceeds shall be applied in paying any Principal Amount Outstanding in respect of the Class D Notes. In the event that such proceeds are insufficient to pay all accrued interest and Principal Amount Outstanding in respect of the Class D Notes, then to the extent that the proceeds are insufficient, and notwithstanding any other provision of these Conditions, the Issuer's liability to pay such amounts shall be extinguished and shall not thereafter be revived.

The provisions of this Condition 16 are not intended to prejudice any other Condition.

17. Privity of Contract

No person shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. Controlling Class

The majority holders of the Controlling Class, from time to time, may appoint an adviser (who may be one Noteholder of such class), for the purposes of this Condition (each such person, an "**Operating Adviser**"). The Operating Adviser shall be entitled to exercise all of the rights, powers and discretions given to it pursuant to the Servicing Agreement as it sees fit.

The appointment of the Operating Adviser will be effective upon notification of such appointment by the Controlling Class to the Issuer, the Security Trustee, the Note Trustee, the Servicer or the Special Servicer. The appointment by the Controlling Class does not need to be made pursuant to an Extraordinary Resolution. All members of the Controlling Class are permitted to participate in the election of an Operating Adviser.

The Controlling Class may terminate the appointment of the Operating Adviser at any time and to appoint a successor in the same manner as the election of the Operating Adviser.

The Operating Adviser may retire by giving not less than 21 days' notice in writing to the Noteholders of the Controlling Class (in accordance with the terms of Condition 15 (*Notice to*

the Noteholders)), the Note Trustee, the Issuer, the Security Trustee, the Servicer and the Special Servicer.

Until an Operating Adviser is appointed, if a Controlling Class which has appointed an Operating Adviser ceases to meet the Controlling Class Test, or if an existing Operating Adviser resigns or is removed by the relevant Controlling Class and a successor has not be appointed, there shall be no Operating Adviser.

Where:

"**Controlling Class**" means the holders of the Most Junior Class of Notes (other than at any time the Class X Note) outstanding from time to time which Class of Notes meets the Controlling Class Test, provided that for so long as no class of Notes meets the Controlling Class Test, the Controlling Class shall mean the Most Junior Class of Notes (other than at any time the Class X Note) then outstanding.

A class of Notes shall meet the Controlling Class Test if at the relevant time it has a total Principal Amount Outstanding (which is reduced, for the avoidance of doubt, by any NAI Amounts in respect of such class of Notes) which is not less than 25 per cent. of the Principal Amount Outstanding of such class of Notes on the Closing Date (the "**Controlling Class Test**").

"**Most Junior Class of Notes**" means, subject to the Controlling Class Test, the Class D Notes; or if no Class D Notes are outstanding, the Class C Notes; or if no Class C Notes are outstanding, the Class B Notes; or if no Class B Notes are outstanding, the Class A Notes.

Each Noteholder acknowledges and agrees, by its purchase of the Notes, that:

(a) an Operating Adviser elected by the Controlling Class may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes;

(b) an Operating Adviser elected by the Controlling Class may act solely in the interests of the Controlling Class;

(c) an Operating Adviser elected by the Controlling Class does not have any duties to any Noteholders other than the Controlling Class;

(d) an Operating Adviser elected by the Controlling Class may take actions that favour the interests of the Controlling Class over the interests of the other Noteholders;

(e) an Operating Adviser elected by the Controlling Class will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by the only reason of its having acted solely in the interests of a Controlling Class; and

(f) an Operating Adviser elected by the Controlling Class will have no liability whatsoever for having acted solely in the interests of the Controlling Class, and no holder of any class of Notes may take any action whatsoever against an Operating Adviser for having so acted.

19. Limited Recourse

Claims against the Issuer by the Noteholders or the Note Trustee in respect of the Notes will be limited to the value of the Issuer Security. If the Issuer Security is enforced, the proceeds of realisation of the Issuer Security may after paying or providing for all prior-ranking claims, be insufficient to pay all principal and interest due on the Notes, and neither the Note Trustee nor the Noteholders may, take any further steps against the Issuer in respect of amounts payable on the Notes and all such claims against the Issuer shall be extinguished and discharged.

20. Governing Law

The Note Trust Deed, the Deed of Charge, the Agency Agreement, the other Transaction Documents (other than the Issuer Pledge Agreement, the Loan Sale Agreements, the Portuguese Notarial Deed, the Corporate Services Agreement and the Share Declaration of Trust) and the Notes are governed by English law. The Corporate Services Agreement and the Share Declaration of Trust are governed by the laws of Ireland. The Issuer Pledge Agreement and the Netherlands Loan Sale Agreement are governed by Netherlands law. The Portuguese Loan Sale Agreement and the Portuguese Notarial Deed are governed by Portuguese law.

USE OF NET PROCEEDS

The net proceeds from the issue of the Notes will be approximately €406,762,000 and this sum will be applied by the Issuer either towards payment to the Originators of the purchase consideration in respect of the Loans and the corresponding Related Security to be purchased on the Closing Date pursuant to the relevant Asset Transfer Agreements (for further information as to which, see "The Loans and Related Security" at page 101 and "Loan Sale Process" at page 201 respectively) and to enter into the Credit Default Swap Transaction pursuant to which it will provide credit protection in respect of the Italian Loan (including without obligation funding the Credit Default Swap Collateral). In addition, the issuer will place an amount of €9700 into the Collection Account on the Closing Date in order to fund the CPFM Maturity Cash Reserve and the Interest Rate Swap Reserve and €50,000 into the Class X Account.

The total expenses relating to the application for admission of the Notes to trading on the regulated market of the Irish Stock Exchange are expected to be approximately €5,320.40.

IRELAND TAXATION

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.

Taxation of the Issuer

Corporation Tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5 per cent in relation to trading income and at the rate of 25 per cent in relation to income that is not income from a trade. However, Section 110 of the Irish Taxes Consolidation Act of 1997 ("**TCA 1997**") provides for special treatment in relation to qualifying companies. A qualifying company means a company:

(a) which is resident in Ireland;

(b) which either acquires qualifying assets from a person, holds or manages qualifying assets as a result of an arrangement with another person, or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;

(c) which carries on in Ireland a business of holding qualifying assets or managing qualifying assets or both;

(d) which, apart from activities ancillary to that business, carries on no other activities in Ireland;

(e) which has notified an authorised officer of the Revenue Commissioners in the prescribed format that it intends to be such a qualifying company; and

(f) the market value of qualifying assets held or managed by the company or the market value of qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than €10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered (which is itself a qualifying asset),

but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arm's length apart from where that transaction is the payment of consideration for the use of principal (other than where that consideration is paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance).

A qualifying asset is a financial asset or an interest in a financial asset.

If a company is a qualifying company for the purpose of Section 110 TCA 1997, then profits arising from its activities shall be chargeable to Corporation Tax under Case III of Schedule D (which is applicable to non-trading income) at a rate of 25 per cent. However, for that purpose those profits shall be computed in accordance with the provisions applicable to Case I of the Schedule (which is applicable to trading income). On this basis and on the basis that the interest on the Notes

(a) does not represent more than a reasonable commercial return on the principal outstanding and it is not dependant on the results of the company's business, or

(b) it is not paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance, then

the interest in respect of the Notes issued will be deductible in determining the taxable profits of the company.

Stamp duty

If the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, as amended, (and it is expected that the Issuer will be such a qualifying company) no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.

Taxation of Noteholders – Income Tax

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commission to issue or raise an assessment.

Interest paid and discounts realised on the Notes have an Irish source and therefore interest earned and discounts realised on such Notes will be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, a non-Irish resident person in receipt of such income would be technically liable to Irish income tax (and levies if received by an individual) subject to the provisions of any applicable double tax treaty. Ireland has currently 44 double tax treaties in effect (see "Withholding Taxes" below) and the majority of them exempt interest (which sometimes includes discounts) from Irish tax when received by a resident of the other jurisdiction. Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate. Therefore any withholding tax suffered should be equal to and in satisfaction of the full income tax liability. (Non-Irish resident companies operating in Ireland through a branch or agency of the company in Ireland to which the income is attributable would be subject to Irish corporation tax).

There is an exemption from Irish income tax under Section 198 TCA 1997 in certain circumstances.

These circumstances include:

(a) where interest is paid by a qualifying company within the meaning of Section 110 TCA 1997 to a person that is not resident in Ireland and that person is resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double tax treaty, under the terms of that treaty;

(b) where interest is payable by a company to a person that is not resident in Ireland and that is regarded as being resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double tax treaty, under the terms of that treaty, and the interest is exempt from withholding tax because it is payable on a quoted Eurobond (see "Withholding Taxes" below);

(c) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company that is resident in an EU Member State (other than Ireland) or that is a resident of a territory with which Ireland has a double tax treaty, under the terms of that treaty.

Interest on the Notes which does not fall within the above exemptions and discounts realised are within the charge to Irish income tax to the extent that a double tax treaty does not exempt the interest or discount as the case may be. However it is understood that the Irish Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

(a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or

(b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or

(c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Irish Revenue Commissioners will apply this practice in the case of the holders of Notes and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

Withholding Taxes

In general, withholding tax at the rate of 20 per cent. must be deducted from payments of yearly interest that are within the charge to Irish tax, which would include those made by an Irish company. However, Section 64 TCA 1997 provides for the payment of interest in respect of quoted Eurobonds without deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 TCA 1997 as a security which:

(a) issued by a company;

(b) is quoted on a recognised stock exchange (the Irish Stock Exchange is a recognised stock exchange for this purpose);

(c) is in bearer form; and

(d) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland, and

(i) the quoted Eurobond is held in a recognised clearing system (the Irish Revenue Commissioners have designated Euroclear and Clearstream, Luxembourg, recognised clearing systems); or

(ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

As the Notes to be issued by the Issuer will qualify as quoted Eurobonds (provided that they are not in registered definitive form), and as they will be held in Euroclear and Clearstream, Luxembourg, the payment of interest in respect of such bearer Notes should be capable of being made without withholding tax, regardless of where the Noteholder is resident.

Separately, Section 246 TCA 1997 provides certain exemptions from this general obligation to withhold tax. Section 246 provides an exemption in respect of interest payments made by a qualifying company within the meaning of Section 110 TCA 1997 to a person resident in a relevant territory except where that person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. Also Section 246 provides an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company resident in a relevant territory except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. A relevant territory for this purpose is a Member State of the European Communities, other than Ireland, or not being such a Member State, a territory with which Ireland has entered into a double tax treaty that is in effect. As at the Closing Date, Ireland has entered into a double tax treaty that is in effect with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary,

Iceland, Israel, India, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, U.S.A. and Zambia. Negotiations for agreements with Egypt, Malta and Singapore are completed. Ireland has entered into a double tax treaty with Chile, however it is not yet in effect. New treaties with Argentina, Kuwait, Morocco, Tunisia, Turkey and Ukraine are in the course of being negotiated.

Discounts realised on the Notes will not be subject to Irish withholding tax.

Encashment Tax

Interest on any Note which qualifies for exemption from withholding tax on interest as a quoted Eurobond (see above) realised or collected by an agent in Ireland on behalf of any Noteholder will be subject to a withholding at the standard rate of Irish income tax (currently 20 per cent.). This is unless the beneficial owner of the Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not deemed, under the provisions of Irish tax legislation, to be the income of another person that is resident in Ireland.

Capital Gains Tax

A holder of a Note will not be subject to Irish taxes on capital gains provided that such holder is neither resident nor ordinarily resident in Ireland and such holder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponer or if the disponer's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponer's successor (primarily), or the disponer, may be liable to Irish capital acquisitions tax. The Notes, being bearer Notes, would be regarded as property situate in Ireland if the Notes were ever to be physically kept or located in Ireland with a Depositary or otherwise. Accordingly, if, while they are physically kept or located in Ireland, such Notes are comprised in a gift or inheritance, the disponer's successor (primarily), or the disponer, may be liable to Irish capital acquisitions tax, even though the disponer may not be domiciled in Ireland. The Notes, if in registered definitive form, would be regarded as property situate in Ireland if the principal register of the Notes is maintained in Ireland.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where that person has been resident in Ireland for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

Value Added Tax

The provision of financial services is an exempt transaction for Irish Value Added Tax ("**VAT**") purposes. Accordingly, in general the Issuer should not be entitled to recover Irish VAT suffered.

European Union Directive on the Taxation of Savings Income

The European Union Council Directive 2003/48/EC on the taxation of savings income (the "**European Union Directive on the Taxation of Savings Income**") which is further described on page 309 has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "residual entity" then that interest payment is a "deemed interest payment" of the "residual entity" for the purpose of this legislation. A "residual entity", in relation to "deemed interest payments", must, in accordance with the methods prescribed in the legislation, establish the identity

and residence of the beneficial owners of the interest payments received that are comprised in the "deemed interest payments".

"**Residual Entity**" means a person or undertaking established in Ireland or in another Member State or in an "associated territory" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "associated territory", or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Savings Tax Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an "associated territory" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "associated territory", applies since 1 July, 2005. For the purposes of these paragraphs "associated territory" means Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands.

UNITED KINGDOM TAXATION

The following is a summary of the position as regards United Kingdom withholding tax only in relation to payments of interest on the Notes under United Kingdom tax law and the generally published practice of H.M. Revenue & Customs at the date of this Offering Circular. The summary is based on the assumption that the Issuer is not resident in the United Kingdom for United Kingdom tax purposes.

The interest on the Notes may be subject to United Kingdom withholding tax at the rate of 20 per cent. if the interest is treated as having a United Kingdom "source". However, as long as the Notes are listed on a "recognised stock exchange" (which includes the Irish Stock Exchange) at the time at which the interest is paid, the interest will not be subject to that tax. If the Notes are not so listed at that time, another exemption from that tax (including under any applicable double taxation treaty) may - depending on the circumstances - be available.

EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

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

SUBSCRIPTION AND SALE

J.P. Morgan Securities Ltd whose principal offices are located at 125 London Wall, London EC2Y 5AJ (the "**Lead Manager**") and Bayerische Landesbank whose principal office is located at Brienner Strasse 18, 80333 Munich, Germany (the "**Co-Manager**" and together with the Lead Manager the "**Managers**") have, pursuant to a subscription agreement dated the date of this Offering Circular between, among others, the Managers and the Issuer (the "**Subscription Agreement**"), agreed (subject to certain conditions) with the Issuer to subscribe, or to procure subscriptions, for (i) the Class A Notes at the issue price of 100 per cent. of their initial principal amount, (ii) the Class X Note at the issue price of 100 per cent. of their initial principal amount, (iii) the Class B Notes at the issue price of 100 per cent. of their initial principal amount, (iv) the Class C Notes at the issue price of 100 per cent. of their initial principal amount and (v) the Class D Notes at the issue price of 100 per cent. of their initial principal amount.

The Issuer has agreed to reimburse the Managers for certain of its costs and expenses in connection with the issue of the Notes. Each Manager is entitled to be released and discharged from its obligations under the Subscription Agreement in certain circumstances prior to payment for the Notes to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the issue of the 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**"), and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or in certain transactions exempt from the registration requirements of the Securities Act. In addition, the Notes cannot be resold in the United States or to US persons unless they are subsequently registered or an exemption from registration is available. Each of the Managers has agreed that 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 days after the later of the commencement of the offering of the Notes and the closing date (the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, US persons except in accordance with Regulation S, and that it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Reg. S notes from it during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers an sales of the Notes within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until the expiration of the 40-day distribution compliance period, an offer or sale of the Notes within the United States by any dealer, whether or not participating in the offering, may violate the registration requirements of 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 further represented and agreed that except as permitted by the Subscription Agreement:

(a) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the

Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Portugal

The offer of the Notes has not been registered with the Portuguese Securities Market Commission (the "**CMVM**"). Each of the Managers represents, warrants and agrees, 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 or 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 of the Managers represents, warrants and agrees that no offer has been addressed to more than 200 (non-institutional) Portuguese investors; no offer has been preceded or followed by promotion or solicitation to unidentified investors, or preceded or followed by publication of any promotional material. The offer of Notes is intended for Institutional Investors. Institutional Investors within the meaning of Article 30 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 and all other financial companies, securitisation companies, venture capital companies, venture capital funds and their respective management companies.

Ireland

Each of the Managers has further represented and agreed that:

(i) in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland;

(ii) it has only issued or passed on, and will only issue or pass on, in Ireland, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on; and

(iii) either (a) it has complied and will comply with all applicable provisions of the Investment Intermediaries Act, 1995 (as amended) of Ireland including, without limitation, Sections 9 and 23 (including advertising restrictions made thereunder) thereof and the codes of conduct made under Section 37 thereof, or (b) it is acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended) and it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 (as amended) of Ireland, in each case with respect to anything done by it in relation to the Notes if operating in, or otherwise involving, Ireland.

Germany

Each of the Managers has represented and agreed that (a) the Notes will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Sales Prospectus Act (*Verkaufsprospektgesetz*), the German Investment Act (*Investmentgesetz*) or any other applicable legal and regulatory requirements under German law governing the issue, offering and sale of securities and (b) that no securities prospectus (*Prospekt für Wertpapiere*) within the meaning of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), no selling prospectus (*Verkaufsprospekt*) within the meaning of the German Sales Prospectus Act (*Verkaufsprospektgesetz*) and no comprehensive sales prospectus (*ausführlicher Verkaufsprospekt*) or other prospectus within the meaning of the German Investment Act (*Investmentgesetz*) has been or will be registered or published within the Federal Republic of Germany.

Republic of France

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France and that offers, sales and distributions in the Republic of France will be made to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 of the French Code *monétaire et financier* and Decree no. 98-880 dated 1st October, 1998.

In addition, each of the Managers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Offering Circular or any other offering material relating to the Notes other than to investors whom offer and sales of the Notes in France may be made as described above.

Belgium

The Belgian Banking Finance Commission (*Commissie voor het Bank-en Financiewezen/ Commission Bancaire et Financiere*) has not reviewed nor approved these documents or commented on their accuracy or recommended or endorsed the purchase of the Notes in accordance with the Belgian Act of 22 April 2003 relating to the public offer of securities. These documents may not be distributed to the Belgian public except in accordance with Belgian law. The Notes may not be publicly offered for sale, sold or marketed in Belgium by means of a public offer under Belgian law. The offering of the Notes to the public in Belgium within the meaning of the Belgian Act of 22 April 2003 and the Royal Decree of 7 July 1999 has not been authorised. Accordingly, the Notes may not be offered or sold to persons in Belgium other than in circumstances which do not constitute an offer of the Notes to the public in Belgium.

General

Other than the approval by Financial Regulator in Ireland of this Offering Circular as a prospectus in accordance with the requirements of the Prospectus Directive and the 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 Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required.

This Offering Circular 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 Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

For further information see "*Important Notice*" at page 105.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 8 December 2005.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about the Closing Date, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in euro and for delivery on the third working day after the day of the transaction.

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	**ISIN**
Class A	023687852	XS0236878525
Class X	023687941	XS0236879416
Class B	023687992	XS0236879929
Class C	023688085	XS0236880851
Class D	023688131	XS0236881313

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on its regulated market, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.

5. The Issuer is not, and has not been, involved in any governmental legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.

7. Save as disclosed herein, since the date of incorporation of the Issuer, there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.

8. None of the websites referred to in this document form part of the Prospectus for the purpose of approval of the Prospectus and the listing of the Notes.

9. PricewaterhouseCoopers have been appointed as auditors to the Issuer. PricewaterhouseCoopers is a member of the Institute of Chartered Accountants in Ireland.

10. Copies of the following documents may be inspected in physical or electronic form during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Irish Paying Agent at HSBC House, Harcourt Centre, Harcourt Road, Dublin 2, Ireland and at the registered office of the Issuer at Trinity House, Charleston Road, Ranelagh, Dublin 6, for the life of this document:

    (a) the memorandum and articles of association of the Issuer and the Borrowers;

    (b) the Subscription Agreement referred to in paragraph 6 above;

(c) drafts (subject to modification) of the following documents:

(i) the Note Trust Deed;

(ii) the Netherlands Loan Sale Agreement;

(iii) the Portuguese Loan Sale Agreement;

(iv) the Collateral Holding Agreement;

(v) the Deed of Charge;

(vi) the Share Declaration of Trust;

(vii) the Servicing Agreement;

(viii) the Cash Management Agreement;

(ix) the Corporate Services Agreement;

(x) the Liquidity Facility Agreement;

(xi) the Credit Default Swap Agreement;

(xii) the Agency Agreement;

(xiii) the Interest Rate Swap Agreement;

(xiv) the Issuer Pledge Agreement;

(xv) the Portuguese Notarial Deed;

(xvi) the Modelling Agreement; and

(xvii) the Master Definitions Schedule.

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