

PROSPECTUS

This prospectus constitutes a prospectus within the meaning of article 5 of Directive 2003/71/EC.

EUROMAX IV MBS S.A.

(incorporated as a public limited liability company (société anonyme) under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, Val Sainte-Croix, L-1371 Luxembourg and registered with the Luxembourg trade and companies register under number B. 110721).

€50,000 Class A1 Senior Secured Floating Rate Single Draw Notes due 2054

€18,950,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054

€130,000,000 Class A1 Senior Secured Floating Rate Term Notes due 2054

€16,000,000 Class A2 Senior Secured Floating Rate Notes due 2099

€11,400,000 Class B Senior Secured Floating Rate Notes due 2099

€6,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2099

€6,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2099

€11,600,000 Subordinated Notes due 2099

€3,000,000 Class F1 Combination Notes due 2099*

€3,000,000 Class F2 Combination Notes due 2099**

Secured mainly by a Portfolio consisting primarily of Collateral Debt Securities in respect of which Collineo Asset Management GmbH, Dortmund, will render collateral management advice.

* Each Class F1 Combination Note consists of three Components, a Class C Component, a Class D Component and a Subordinated Component. The Class F1 Combination Notes Nominal Amount Outstanding shown above is included in the initial principal amounts of the respective underlying Classes of Notes shown above.

** Each Class F2 Combination Note consists of two Components, a Class C Component and a Subordinated Component. The Class F2 Combination Notes Nominal Amount Outstanding shown above is included in the initial principal amounts of the respective underlying Classes of Notes shown above.

Each of the Class C Component, the Class D Component and the Subordinated Component of the Class F1 Combination Notes and the Class F2 Combination Notes (as applicable) are referred to as a "**Component**" and together, the "**Components**".

EUROMAX IV MBS S.A. (the "**Issuer**") will issue €50,000 Class A1 Senior Secured Floating Rate Single Draw Notes due 2054 (the "**Class A1 Single Draw Notes**"), €18,950,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054 (the "**Class A1 Delayed Draw Notes**"), €130,000,000 Class A1 Senior Secured Floating Rate Term Notes due 2054 (the "**Class A1 Term Notes**" and, together with the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes, the "**Class A1 Notes**"), €16,000,000 Class A2 Senior Secured Floating Rate Notes due 2099 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**"), €11,400,000 Class B Senior Secured Floating Rate Notes due 2099 (the "**Class B Notes**" and, together with the Class A Notes, the "**Senior Notes**"), €6,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2099 (the "**Class C Notes**"), €6,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2099 (the "**Class D Notes**" and, together with the Class C Notes, the "**Mezzanine Notes**"), €11,600,000 Subordinated Notes due 2099 (the "**Subordinated Notes**"), €3,000,000 Class F1 Combination Notes due 2099 (the "**Class F1 Combination Notes**") and €3,000,000 Class F2 Combination Notes due 2099 (the "**Class F2 Combination Notes**" and, together with the Class F1 Combination Notes, the "**Combination Notes**" and, together with the Senior Notes, the Mezzanine Notes and the Subordinated Notes, the "**Notes**"). Each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes and their coupons and talons (where applicable) are separately referred to herein as a "**Class**" (as such term is construed in accordance with the terms and conditions of the Notes (the "**Conditions**") and shall include the Combination Notes to the extent that the Combination Notes are comprised of Components of such Class of Notes). The Notes will be issued on or about 6 October 2005 (the "**Closing Date**"). The Notes are not insured or guaranteed by

any governmental agency. The Issuer will have no substantial assets other than the Mortgaged Property, in respect of which security interests will be granted to Deutsche Trustee Company Limited (the "**Trustee**") in order to secure the Trustee Claim, the Notes and the other secured obligations of the Issuer. Collineo Asset Management GmbH, Dortmund (the "**Collateral Manager**") will render collateral management advice to the Issuer and perform certain related advisory functions, in particular with respect to the Collateral Debt Securities forming part of the Mortgaged Property. The decision to purchase and sell Collateral Debt Securities and certain other decisions will be taken on behalf of the Issuer by an investment board appointed by Hypo Real Estate Bank International (the "**Investment Board Provider**"), which will base its decisions on advice rendered by the Collateral Manager.

- ISSUE PRICE OF THE CLASS A1 SINGLE DRAW NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS A1 DELAYED DRAW NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS A1 TERM NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS A2 NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS B NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS C NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS D NOTES: 100 per cent.**
- ISSUE PRICE OF THE SUBORDINATED NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS F1 COMBINATION NOTES: 100 per cent.**
- ISSUE PRICE OF THE CLASS F2 COMBINATION NOTES: 100 per cent.**

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of "AAA" by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and "AAA" by Fitch Ratings Limited ("**Fitch**", and together with S&P, the "**Rating Agencies**" and each, a "**Rating Agency**"), each of the Class A2 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class B Notes receives a rating of at least "AA" by S&P and "AA" by Fitch, each of the Class C Notes receives a rating of at least "A" by S&P and "A" by Fitch, each of the Class D Notes receives a rating of at least "BBB" by S&P and "BBB" by Fitch, each of the Class F1 Combination Notes receives a rating of at least "BBB-" by S&P and each of the Class F2 Combination Notes receives a rating of at least "A" by S&P. A rating will not be sought for the Subordinated Notes. The ratings of the Senior Notes by Fitch and S&P will address the timely payment of interest when due and the ultimate repayment of principal. The ratings of the Mezzanine Notes will address the ultimate (rather than the timely) payment of interest and the ultimate repayment of principal. The ratings of the Combination Notes will address the ultimate repayment of principal.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each credit rating should be evaluated independently of any other rating.

THE NOTES ARE LIMITED RECOURSE DEBT OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE MORTGAGED PROPERTY OF THE ISSUER WHICH SECURES THE NOTES. THE NOTES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE TRUSTEE, THE NOTES PLACEMENT AGENT, THE COLLATERAL ADMINISTRATOR, THE COLLATERAL MANAGER, THE INVESTMENT BOARD PROVIDER, THE AGENTS, THE HEDGE COUNTERPARTY, THE LIQUIDITY FACILITY PROVIDER, ANY INVESTOR IN THE NOTES OR ANY OF THEIR RESPECTIVE AFFILIATES.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and the Issuer has not registered and will not register as an "investment company" under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**") and may not be offered or sold in the United States (as defined in Regulation S) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except

pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act in transactions that would not cause the Issuer to be required to register under the Investment Company Act. See *Subscription and Sale*. The Notes (other than the Class A1 Single Draw Notes) will be in bearer form for U.S. federal income tax purposes and therefore subject to U.S. tax law requirements. Notwithstanding that the Class A1 Delayed Draw Notes will be issued in registered form on the Closing Date, the Class A1 Delayed Draw Notes will be converted into bearer form on the Class A1 Consolidation Date and so will be deemed to be in bearer form for U.S. federal income tax purposes as of the Closing Date and therefore subject to U.S. tax law requirements. Accordingly, such Notes may not be offered, sold or delivered within the United States and its possessions or to U.S. persons. On the Closing Date, holders of the Class A1 Delayed Draw Notes will be required to certify that such Notes are not beneficially owned by U.S. persons. See *Subscription and Sale*.

The Notes of each Class to be issued in bearer form will initially be represented by interests in a temporary global bearer note (a "**Temporary Global Bearer Note**"), without coupons or talons attached, which will be deposited with a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") on or about the Closing Date. Interests in each Temporary Global Bearer Note are exchangeable on and after the Exchange Date, upon certification of non-U.S. beneficial ownership, for interests in a permanent global bearer note (a "**Permanent Global Bearer Note**"), without coupons or talons attached, representing the same Class of Bearer Notes. Save in limited circumstances, Definitive Bearer Notes will not be issued in exchange for the Global Bearer Notes. Each Class of Registered Notes will be issued in definitive registered form. See also *Book-Entry Clearance Procedures Relating to the Global Bearer Notes*.

See *Risk Factors* for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made to the Irish Financial Services Regulatory Authority (IFSRA) as competent authority under Directive 2003/71/EC for the Prospectus to be approved. Application has been made to the Irish Stock Exchange (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List and traded on its regulated market. Reference in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange. The Notes will be offered by Canadian Imperial Bank of Commerce (the "**Notes Placement Agent**") when and if issued. The Notes Placement Agent reserves the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that the Notes will be issued on or about the Closing Date.

This Prospectus is valid for a period of twelve months from its publication date.

The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the Securitisation Act 2004).

The Index of Defined Terms appearing at the end of this Prospectus contains references to the pages in this Prospectus where definitions are found.

CANADIAN IMPERIAL BANK OF COMMERCE

The date of this Prospectus is 6 October 2005

The Issuer accepts responsibility for all the information contained in this Prospectus other than the Collateral Manager Information (as defined below). 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 Prospectus for which the Issuer is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Collateral Manager accepts responsibility for the information contained in the section entitled *The Collateral Manager* (the "**Collateral Manager Information**"). To the best of the knowledge and belief of the Collateral Manager (having taken all reasonable care to ensure that such is the case), the Collateral Manager Information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Manager accepts responsibility accordingly. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Collateral Manager as to the accuracy or completeness of any information contained in this Prospectus (other than the Collateral Manager Information) or any other information supplied in connection with the Notes or their distribution. Other than in respect of the Collateral Manager Information, the Collateral Manager has not separately verified the information contained herein and no representation, warranty or undertaking, express or implied, is made and no liability accepted by the Collateral Manager as to the accuracy or completeness of such information. Each person receiving this Prospectus acknowledges that such person has not relied on the Collateral Manager or any of its affiliates in connection with its investigation of the information contained herein (other than the Collateral Manager Information).

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE NOTES PLACEMENT AGENT AS THE STABILISING INSTITUTION (THE "STABILISING AGENT") OR ANY PERSON ACTING FOR THE STABILISING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE MAY BE NO OBLIGATION ON THE STABILISING AGENT OR ANY AGENT OF THE STABILISING AGENT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING SHALL BE CARRIED OUT IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

OTHER THAN THE APPLICATION TO THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY (IFSRA) FOR THE PROSPECTUS TO BE APPROVED AND TO THE IRISH STOCK EXCHANGE FOR THE NOTES TO BE ADMITTED TO THE OFFICIAL LIST AND TRADED ON ITS REGULATED MARKET, THE FILING AND APPROVAL OF THE COPIES OF THIS PROSPECTUS WITH THE IFSRA IN ITS CAPACITY AS 'COMPETENT AUTHORITY' IN IRELAND FOR THE PURPOSE OF EC DIRECTIVE 2003/71/EC, NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING OF THE NOTES OR THE DISTRIBUTION OF THIS PROSPECTUS WITHIN THE MEANING OF EC DIRECTIVE 2003/71/EC AS IMPLEMENTED INTO IRISH LAW IN ANY JURISDICTION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS (OR ANY PART THEREOF) COMES ARE REQUIRED BY THE ISSUER AND THE NOTES PLACEMENT AGENT TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND THE DISTRIBUTION OF THIS PROSPECTUS, SEE SUBSCRIPTION AND SALE.

In this Prospectus, references to **€ EUR** or **euro** are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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SUMMARY OF TERMS

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus. Potential investors should read the entire Prospectus carefully, especially the risks of investing in the Notes discussed under Risk Factors.

THE PARTIES

The Issuer:

EUROMAX IV MBS S.A. (the "**Issuer**") is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, Val Sainte-Croix, L-1371 Luxembourg and registered with the Luxembourg trade and companies register under number B. 110721. The telephone number of the Issuer is +352 22 11 90. The shares of the Issuer are held by Dahmer Limited and Liburd Limited under the terms of a declaration of trust under which they hold the shares on trust for charitable and heritage bodies.

The Issuer has been incorporated as a special purpose vehicle for the sole purpose of (i) issuing and selling the Notes, (ii) acquiring the Mortgaged Property, (iii) entering into each of the Trust Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Hedge Agreement, the Liquidity Facility Agreement, the Agency Agreement, the Notes Placement Agreement, the Class A1 Notes Purchase Agreement, the English Security Deed, the Collateral Acquisition Agreement, the Listing Agent Appointment Agreement, the Auditor Engagement Letter, the Domiciliation Agreement and any future agreements to which the Issuer will become a party (together with the Notes, the "**Transaction Documents**"), the Master Interpretation and Construction Schedule, and (iv) entering into any other transactions and agreements described in this Prospectus and any documents ancillary thereto and undertaking certain activities incidental to the foregoing.

The Issuer will not have any material assets other than the Collateral Debt Securities, the Eligible Investments and rights under the Transaction Documents and certain other agreements entered into by the Issuer as described herein.

Notes Placement Agent:	Canadian Imperial Bank of Commerce
Collateral Manager:	Collineo Asset Management GmbH, Dortmund
Trustee:	Deutsche Trustee Company Limited
Collateral Administrator:	Deutsche Bank AG, London Branch
Investment Board Provider:	Hypo Real Estate Bank International
Custodian and Account Bank:	Deutsche Bank AG, London Branch
Principal Paying Agent and Calculation Agent:	Deutsche Bank AG, London Branch
Irish Paying Agent:	Deutsche International Corporate Services (Ireland) Limited
Registrar and Listing Agent:	Deutsche Bank Luxembourg S.A.
Hedge Counterparty:	Canadian Imperial Bank of Commerce
Liquidity Facility Provider:	Canadian Imperial Bank of Commerce

Domiciliation Agent:

Luxembourg International Consulting S.A.

THE NOTES

Amount of Notes:

€50,000 in aggregate principal amount of Class A1 Single Draw Notes, €18,950,000 in aggregate principal amount of Class A1 Delayed Draw Notes, €130,000,000 in aggregate principal amount of Class A1 Term Notes, €16,000,000 in aggregate principal amount of Class A2 Notes, €1,400,000 in aggregate principal amount of Class B Notes, €6,000,000 in aggregate principal amount of Class C Notes, €6,000,000 in aggregate principal amount of Class D Notes, €1,600,000 in aggregate principal amount of Subordinated Notes, €3,000,000 in notional amount of Class F1 Combination Notes and €3,000,000 in notional amount of Class F2 Combination Notes.

Each holder of a Note is herein referred to as a "**Noteholder**".

Combination Notes:

The Class F1 Combination Notes will be composed of 3 components: a Class C Component, a Class D Component and a Subordinated Component and the Class F2 Combination Notes will be composed of 2 components: a Class C Component and a Subordinated Component, each a "**Component**" and together the "**Components**".

The €3,000,000 in notional amount of the Class F1 Combination Notes will be comprised of: €600,000 aggregate principal amount of Class C Notes, €1,000,000 aggregate principal amount of Class D Notes and €1,400,000 aggregate principal amount of Subordinated Notes.

The €3,000,000 in notional amount of the Class F2 Combination Notes will be comprised of: €2,400,000 aggregate principal amount of Class C Notes and €600,000 aggregate principal amount of Subordinated Notes.

The principal amount Outstanding of each of the Components comprising each of the Combination Notes is included in (and is not in addition to) the respective Principal Amount Outstanding of the relevant Class of Notes to which such Component relates.

Save to the extent related to the issuance or transfer of the Combination Notes and except as otherwise provided in the Conditions, the Conditions applicable to the Combination Notes, including the terms on which amounts are due and payable in respect thereof and the rights of any holders thereof, are the same as the Conditions applicable to the Components of the Combination Notes to the extent of the principal amount Outstanding of the Components thereof. The interest payable on the Combination Notes is in respect of, and is not in addition to, amounts payable on the Components (if any).

The Components of the Combination Notes are not separately transferable. A holder may exchange all of its Combination Notes for proportional interests in the Classes of Notes to which the Components of such Combination Notes

correspond.

A holder of Notes of the underlying Classes to which the Components of a Class of Combination Notes relate (including a holder that received such Notes upon exchange of the relevant Combination Notes for the relevant underlying Classes of Notes) will not have the right to exchange such Notes for such Combination Notes.

For the purposes of the Conditions, each Component of a Combination Note shall be deemed to be issued and outstanding whilst comprised in such Combination Note but without any double counting of the principal amount Outstanding of the relevant Combination Note in determining the Principal Amount Outstanding of the related Class.

Status of Notes:

The Notes will be limited recourse debt obligations of the Issuer, secured pursuant to the Trust Agreement and the Security Agreements solely by various charges and assignments by way of security over the Mortgaged Property by the Issuer to the Trustee for the benefit of itself, the Noteholders, Couponholders, the Agents, the Domiciliation Agent, the Collateral Administrator, the Collateral Manager, the Hedge Counterparty, the Liquidity Facility Provider, the Investment Board Provider and the Notes Placement Agent (collectively, the "**Secured Parties**"). The Combination Notes are secured to the extent their respective Components are secured.

Save to the extent otherwise provided in the Conditions, payments of interest and commitment fees in respect of the Class A1 Notes will rank senior in right of payment to payments of interest in respect of each other Class of Notes; payments of interest in respect of the Class A2 Notes will rank senior in right of payment to payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes; payments of interest in respect of the Class B Notes will rank senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes; payments of interest in respect of the Class C Notes (including any Class C Component, as applicable) will rank senior in right of payment to payments of interest in respect of the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes and the Class B Notes; payments of interest in respect of the Class D Notes (including any Class D Component, as applicable) will rank senior in right of payment to payments of interest in respect of the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, the Class B Notes and the Class C Notes; and lastly, payment of interest in respect of the

Subordinated Notes (including any Subordinated Component, as applicable) will be subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of all other Classes of Notes.

Save to the extent provided otherwise in the Conditions, the repayment of principal of the Class A1 Notes will rank senior in right of payment to the repayment of principal of each other Class of Notes; the repayment of principal of the Class A2 Notes will rank senior in right of payment to the repayment of principal of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes; the repayment of principal of the Class B Notes will rank senior in right of payment to the repayment of principal of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes and the Class A2 Notes; the repayment of principal of the Class C Notes (including any Class C Component, as applicable) will rank senior in right of payment to the repayment of principal of the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes and the Class B Notes; the repayment of principal of the Class D Notes (including any Class D Component, as applicable) will rank senior in right of payment to the repayment of principal of the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes; and the repayment of principal of the Subordinated Notes (including any Subordinated Component, as applicable) will be subordinated in right of payment to the repayment of principal of all other Classes of Notes.

The Combination Notes are subordinated in right of payment to the extent of the subordination of their respective Components.

Limited Recourse:

All payment obligations of the Issuer under the Notes and Coupons constitute obligations exclusively to make payments in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and the other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and the Eligible Investments, and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. The Notes and Coupons shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, after payment of all claims ranking in priority to the Notes and Coupons,

prove ultimately insufficient to satisfy the claims of all Noteholders and Couponholders in full, then any shortfall arising shall be extinguished and no Noteholder or Couponholder shall have any further claims against the Issuer, provided that the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Noteholders and the Couponholders, and neither assets nor proceeds will be so available thereafter.

Bearer Notes:

The Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes, the relevant Combination Notes (if applicable) and, from (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes.

Registered Notes:

The Class A1 Single Draw Notes and, prior to the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes.

Form and Denomination of Notes:

Each Class of Bearer Notes (other than the Class A1 Delayed Draw Notes before the Class A1 Consolidation Date) will be issued in bearer form and will initially be represented by a Temporary Global Bearer Note, without Coupons or Talons attached, and will be exchangeable, on or after the Exchange Date, upon certification of non-U.S. beneficial ownership, into a Permanent Global Bearer Note, without Coupons or Talons attached. The Class A1 Delayed Draw Notes will be issued in definitive registered form and on the Class A1 Consolidation Date exchanged into a Permanent Global Bearer Note or, if Definitive Bearer Notes have been issued in respect of the Class A1 Term Notes, Definitive Bearer Notes, in each case subject to and in accordance with Condition 2(i).

Save in limited circumstances, Definitive Bearer Notes will not be issued in exchange for the Global Bearer Notes. In the event that Definitive Bearer Notes are so issued, a Definitive Bearer Note in bearer form will be issued to each Noteholder in respect of such Noteholder's holding of Bearer Notes. Each such Definitive Bearer Note will be serially numbered and will have Coupons and, if applicable, Talons attached.

Each Class of Registered Notes will be issued in definitive registered form. Each Registered Note will have an identifying number which will be recorded in the Register.

The Combination Notes will be issued in bearer form and represented by Global Bearer Notes.

Each Class of Notes (other than the Class A1 Single Draw Notes, the Class A1 Delayed Draw Notes, the Class A1 Term Notes and the Combination Notes) will be issued in denominations of €100,000.

The Class A1 Term Notes will be issued in denominations of €50,000.

The Class A1 Single Draw Notes will be issued in a single denomination of €50,000.

The Class A1 Delayed Draw Notes will be issued in a single

denomination of €18,950,000. Following the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be subdivided into denominations of €50,000 and will be treated by the Issuer as identical in all respects to the Class A1 Term Notes.

The Class F1 Combination Notes will be issued in denominations of €1,500,000 and the Class F2 Combination Notes will be issued in denominations of €500,000.

Each Note (other than each Class A1 Single Draw Note and each Class A1 Delayed Draw Note) will be issued on the Closing Date fully paid up provided that the Notes of each Class which correspond to Components of which the Combination Notes are comprised shall not be issued and outstanding for so long as they are comprised in such Combination Notes, but shall be deemed to be issued and outstanding for the purposes of determining the rights attaching to the Components corresponding thereto. Each Class A1 Single Draw Note and each Class A1 Delayed Draw Note will be issued on the Closing Date paid up as to €1. The Class A1 Delayed Draw Note shall be fully paid up before the Delayed Draw Notes Final Funding Date. The Class A1 Single Draw Note shall be fully paid up on or before the Ramp-Up Effective Date, provided that, after a Funding has been made with respect to the Class A1 Single Draw Note, no further Fundings can be made available thereunder.

See further *Book-Entry Clearance Procedures Relating to Global Bearer Notes*.

Use of Proceeds:

The proceeds of the issue of the Notes (excluding the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) will be €181,000,000 on the Closing Date. The Issuer will use the proceeds of the issue of the Notes received by it on the Closing Date (a) in making an initial deposit of €1,200,000 to the Expense Account, (b) in paying certain fees and expenses payable by the Issuer on the Closing Date, (c) in paying the purchase price of the initial Portfolio purchased under the Collateral Acquisition Agreement, and (d) any remaining proceeds shall be deposited to the Initial Proceeds Account to be applied by the Investment Board (acting on behalf of the Issuer based upon the advice of the Collateral Manager) in acquiring Collateral Debt Securities or Eligible Investments, as the case may be, during the Reinvestment Period. Additionally, commitments to fund for an aggregate amount equal to €9,000,000 will be made available to the Issuer by the holders of the Class A1 Single Draw Notes and of the Class A1 Delayed Draw Notes, the proceeds of which will be used to fund the purchase of additional Collateral Debt Securities and Eligible Investments.

Priorities of Payment:

Interest Proceeds, Principal Proceeds, Uninvested Proceeds, Liquidity Accrued Interest Drawings and Liquidity PIK Drawings will be applied in or towards the payment of interest in respect of, and principal of, the Notes and all other amounts payable by the Issuer in accordance with the relevant Priorities of Payment.

See further Condition 3(b) and Clause 4.4 of the Trust

Agreement.

Payment Dates:

Semi-annually, on the 6th day of April and October in each year, commencing on 6 April 2006, or, if such day is not a Business Day, on the next succeeding Business Day.

Single Draw Note Payment Dates:

Monthly, on the 6th day of each month during the Reinvestment Period, or if such day is not a Business Day, on the next succeeding Business Day, provided however that payments of interest and commitment fees on the Class A1 Single Draw Notes shall not take place on any Single Draw Note Payment Date if the Coverage Tests were not satisfied on the immediately preceding Single Draw Note Determination Date or if an Enforcement Notice is outstanding.

Interest Payments on the Notes:

Each of the Senior Notes (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes), the Mezzanine Notes and the Subordinated Notes will bear interest from (and including) the Closing Date and such interest will be payable (subject, in the case of the Mezzanine Notes, as described below) semi-annually in arrear, on each Payment Date.

During the Reinvestment Period, the Funding in respect of the Class A1 Single Draw Notes will bear interest from (and including) the Funding Date in respect of such Funding and such interest will be payable monthly in arrear on each Single Draw Note Payment Date. After the Reinvestment Period, the Class A1 Single Draw Notes will bear interest from (and including) the day following the last day of the Reinvestment Period and such interest will be payable semi-annually in arrear on each Payment Date in euro.

Up to (but excluding) the Class A1 Consolidation Date, each Funding in respect of the Class A1 Delayed Draw Notes will bear interest from (and including) the Funding Date in respect of such Funding and such interest will be payable semi-annually in arrear on each Payment Date in euro.

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes shall be consolidated with, and be treated by the Issuer as identical in all respects to, the Class A1 Term Notes and interest shall be payable in respect thereof as provided in Condition 5(a)(i).

For so long as any of the Senior Notes remains Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the relevant Priorities of Payment. An amount of interest equal to any such amount (the "**Class C Deferred Interest**") which has not been paid on any Payment Date shall be deferred. Any Class C Deferred Interest will bear interest as set out in Condition 5(c).

For so long as any of the Senior Notes and the Class C Notes remains Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class D Notes to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the relevant Priorities of Payment. An amount of interest equal to any such amount (the "**Class D Deferred**

Interest") which has not been paid on any Payment Date shall be deferred. Any Class D Deferred Interest will bear interest as set out in Condition 5(c).

The Class C Deferred Interest and the Class D Deferred Interest shall only become payable by the Issuer in accordance with Conditions 3(b)(i) and 3(b)(v) to the extent that Interest Proceeds or Principal Proceeds are available to make such payment in accordance with the relevant Priorities of Payment.

The rate of interest applying to the Notes (other than the Subordinated Notes and the Combination Notes) and any Funding in respect thereof from time to time shall be the aggregate of the EURIBOR rate determined by the Calculation Agent in accordance with Condition 5(e) and a margin of 0.27 per cent. per annum in the case of the Class A1 Notes and any Funding in respect thereof, a margin of 0.45 per cent. per annum in the case of the Class A2 Notes, a margin of 0.60 per cent. per annum in the case of the Class B Notes, a margin of 1.00 per cent. per annum in the case of the Class C Notes and a margin of 2.05 per cent. per annum in the case of the Class D Notes.

Interest Payments on the Subordinated Notes:

Interest shall be payable in respect of the Subordinated Notes on the basis of the applicable rate calculated in accordance with Condition 5(f). The Issuer's obligation to pay interest on the Subordinated Notes is subject to, *inter alia*, funds being available therefore after making payments in respect of the relevant Priorities of Payment referred to in Condition 5(f).

Interest Payments on the Combination Notes:

Interest on the Combination Notes will accrue from the Closing Date, and accrued and unpaid interest will be payable in respect of the underlying Components of a Combination Note on each Payment Date, if and to the extent funds are available for such purpose from payments received on the underlying Components of the relevant Combination Notes. Interest payable in respect of the Combination Notes is in respect of, and not in addition to, interest payable on the respective Components of which the relevant Combination Notes are comprised.

To the extent any Class of Combination Notes consists of any Class C Component, such Class C Component of the relevant Class of Combination Notes will be allocated deferred interest equal to the Class C Deferred Interest, in the proportion that the principal amount of such Class C Component bears to the aggregate principal amount of the Class C Notes, and any such amount will be in respect of and not in addition to the Class C Deferred Interest on the Class C Notes.

To the extent any Class of Combination Notes consists of any Class D Component, such Class D Component of the relevant Class of Combination Notes will be allocated deferred interest equal to the Class D Deferred Interest, in the proportion that the principal amount of such Class D Component bears to the aggregate principal amount of the Class D Notes, and any such amount will be in respect of and not in addition to the Class D Deferred Interest on the Class D Notes.

Interest shall be payable in respect of each Combination Note on the same terms as are applicable to a principal amount of

each Class of Notes which is equal to the principal amount of each Component of a Combination Note corresponding thereto.

Principal Repayments:

Repayments of principal on the Notes will be made in the following circumstances:

- (a) the earlier of the Stated Maturity of the Notes and, after the end of the Reinvestment Period, the day on which the Aggregate Principal Balance of the Collateral Debt Securities is reduced to zero;
- (b) if any of the Coverage Tests has not been satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, to the extent required to cause the Coverage Tests to be satisfied;
- (c) if the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, to the extent required until the Rating Agencies confirm that each such rating has been reinstated;
- (d) after the Reinvestment Period and during the suspension of the Reinvestment Period, out of Principal Proceeds;
- (e) subject to certain conditions, after the Non-Call Period, pursuant to an optional redemption of the Senior Notes and the Mezzanine Notes (including the relevant Components of the Combination Notes) by the holders of the Junior Class of Covered Notes (including holders of the relevant Components of the Combination Notes, as applicable);
- (f) subject to certain conditions, after the repayment in full of the Senior Notes and the Mezzanine Notes (including the relevant Components of the Combination Notes), pursuant to an optional redemption of the Subordinated Notes by the holders of the Subordinated Notes (including holders of the Subordinated Components of the Combination Notes, as applicable);
- (g) subject to certain conditions, after the Auction Call Date, pursuant to an optional redemption of the Notes by any Noteholder;
- (h) subject to certain conditions, pursuant to an optional redemption of the Notes by the Junior Class of Covered Notes (including holders of the relevant Components of the Combination Notes, as applicable) following the occurrence of a Collateral Tax Event or pursuant to an optional redemption of the Notes by holders of the Controlling Class of Notes (including holders of the relevant Components of the Combination Notes, as applicable) following the occurrence of a Note Tax Event, each on a Payment Date, or in respect of paragraph (h) above, a Single Draw Note Payment Date, subject to the relevant Priorities of Payment and as described in further detail below. Each Note to be redeemed in accordance with Condition 6 shall be redeemed at its applicable Redemption Price.

	See further Condition 6.
Principal Repayment on the Components of the Combination Notes:	On each Payment Date, the holders of the Combination Notes will receive an amount of principal in respect of their Components in the proportion that the principal amount of such Components bears to their corresponding Class of Notes and such amount shall be applied to pay the respective Combination Notes Nominal Amount Outstanding. The Combination Notes Nominal Amount Outstanding for each Class of Combination Notes shall be equal to the Aggregate Principal Amount Outstanding of the Components in such Class of Combination Notes, as of the Closing Date and as reduced from time to time. After the Combination Notes Nominal Amount Outstanding of the relevant Class of Combination Notes is reduced to €1 as described in the Conditions, any principal that is payable with respect to the corresponding Components of the relevant Class of Combination Notes shall be treated as payment of additional interest on such Class of Combination Notes.
Non-Call Period:	The period from (and including) the Closing Date to (but excluding) the Payment Date falling in October 2010.
Stated Maturity:	The Stated Maturity of the Class A1 Notes is the Payment Date falling in October, 2054. The Stated Maturity of the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes and the Combination Notes is the Payment Date falling in October, 2099. Each Class of Notes will be redeemed in full on the earlier of their Stated Maturity and, after the end of the Reinvestment Period, the day on which the Aggregate Principal Balance of the Collateral Debt Securities is reduced to zero unless previously redeemed or cancelled. See further Condition 6(a).
Mandatory Redemption upon Breach of Coverage Tests:	If any Coverage Test is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds, Principal Proceeds and Uninvested Proceeds will be used to redeem the Notes in whole or in part, subject to and in accordance with the relevant Priorities of Payment, until each such Coverage Test is satisfied. See further Condition 6(b).
Mandatory Redemption upon Rating Withdrawal:	If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Principal Proceeds and Uninvested Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the relevant Priorities of Payment, to the extent required until the Rating Agencies confirm that each such rating is reinstated. See further Condition 6(c).
Mandatory Redemption following expiry of the Reinvestment Period and during the suspension of the	Following expiry of the Reinvestment Period and during the suspension of the Reinvestment Period, Principal Proceeds will, in accordance with the Post-Reinvestment Period Principal Proceeds Priority of Payments, be applied on each

Reinvestment Period:	<p>Payment Date to redeem the Notes in whole or in part.</p> <p>See further Condition 6(d).</p>
Optional Redemption of Senior Notes and Mezzanine Notes:	<p>Subject to certain conditions, on any Payment Date after the Non-Call Period, the Senior Notes and the Mezzanine Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days' notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66 $\frac{2}{3}$ per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes (including holders of the relevant Components of the Combination Notes, as applicable).</p> <p>See further Condition 6(e).</p>
Optional Redemption of the Subordinated Notes:	<p>On any Payment Date on or after payment in full of the Senior Notes and the Mezzanine Notes (including the relevant Components of the Combination Notes), the Subordinated Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days' notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66 $\frac{2}{3}$ per cent. of the Aggregate Principal Amount Outstanding of the Subordinated Notes (including holders of the Subordinated Components of the Combination Notes, as applicable).</p> <p>See further Condition 6(f).</p>
Optional Redemption of Notes:	<p>Subject to certain conditions, on any Payment Date after the Auction Call Date, the Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days' notice prior to such Payment Date in a Redemption Notice given by any Noteholder (including any holder of the Components of the Combination Notes and irrespective of the percentage of the Aggregate Principal Amount Outstanding of Notes held by such Noteholder).</p> <p>See further Condition 6(g).</p>
Optional Redemption Upon Withholding Tax Event:	<p>Subject to certain conditions, on any Payment Date, the Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days' notice prior to such Payment Date (a) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes (including holders of the relevant Components of the Combination Notes, as applicable) following the occurrence of a Collateral Tax Event, or (b) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Controlling Class of Notes (including holders of the relevant Components of the Combination Notes, as applicable) following the occurrence of a Note Tax Event.</p> <p>See further Condition 6(h).</p>

Redemption of Combination Notes upon enforcement:

Interest and principal received on the Combination Notes upon enforcement of the security over the Mortgaged Property will be payable on the same terms as are applicable to the Classes of Notes to which the Components of the Combination Notes correspond.

See further Condition 6(i).

Consequences of Non-Payment:

Save in the case of non-payment in full of (i) the principal amount of any Class of Notes on any Redemption Date, (ii) any interest due and payable in respect of the Senior Notes on any Payment Date or, in respect of the Class A1 Single Draw Notes, on any Single Draw Note Payment Date, or (iii) any due and payable Class A1 Single Draw Notes Commitment Fee or the Class A1 Delayed Draw Notes Commitment Fee, so long as any Senior Notes are Outstanding, failure on the part of the Issuer to pay any amounts in respect of the Notes, solely by reason of the fact that there are insufficient funds standing to the credit of the Interest Collection Account, the Principal Collection Account, the Initial Proceeds Account or the Payment Account, as the case may be, shall not constitute an Event of Default.

Class A1 Notes Purchase Agreement:

Under the terms of the Class A1 Notes Purchase Agreement, the Issuer may, subject to certain conditions (including that the Class A1 Delayed Draw Notes Commitment Amount less any amounts which the Class A1 Delayed Draw Noteholder has failed to pay to the Issuer pursuant to a Funding Request has been reduced to zero), at any time during the Reinvestment Period and if no Funding has already been made with respect to the Class A1 Single Draw Notes, instruct the Collateral Administrator to make a Funding Request to the Class A1 Single Draw Noteholder. Such Funding Request made to the Class A1 Single Draw Noteholder will be in respect of an amount not exceeding the Class A1 Single Draw Notes Commitment Amount. The Class A1 Single Draw Noteholder will be required to make available to the Issuer the sum so requested in respect of such Class A1 Single Draw Note no later than on the fifth Business Day following such request by depositing such sum into the Initial Proceeds Account.

Under the terms of the Class A1 Notes Purchase Agreement, the Issuer may, subject to certain conditions, at any time prior to the Delayed Draw Notes Final Funding Date, instruct the Collateral Administrator to make one or more Funding Requests to the Class A1 Delayed Draw Noteholder. Each such Funding Request made to the Class A1 Delayed Draw Noteholder will be in respect of an amount not exceeding the Class A1 Delayed Draw Notes Commitment Amount. The Class A1 Delayed Draw Noteholder will be required to make available to the Issuer the sum so requested in respect of such Class A1 Delayed Draw Note no later than on the fifth Business Day following such request by depositing such sum into the Initial Proceeds Account. On the Delayed Draw Notes Final Funding Date, the Class A1 Delayed Draw Noteholder will pay to the Initial Proceeds Account the Class A1 Delayed Draw Notes Commitment Amount.

Class A1 Single Draw Notes

In respect of a Single Draw Note Interest Period during which

Commitment Fee:

no Single Draw Note Funding Event of Default has occurred or subsisted in respect of the relevant Class A1 Single Draw Noteholder, the amount accrued in respect of that Single Draw Note Interest Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Single Draw Notes Commitment Amount during that Single Draw Note Interest Period on the basis of the actual number of days in that Single Draw Note Interest Period and a year of 360 days and, in respect of a Single Draw Note Interest Period during which a Single Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Single Draw Noteholder, zero.

Class A1 Delayed Draw Notes Commitment Fee:

In respect of a Funding Period during which no Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of the relevant Class A1 Delayed Draw Noteholder, the amount accrued in respect of that Funding Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Delayed Draw Notes Commitment Amount during that Funding Period on the basis of the actual number of days in that Funding Period and a year of 360 days and, in respect of a Funding Period during which a Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Delayed Draw Noteholder, zero.

Taxation:

All payments in respect of the Notes and the Coupons 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 Paying Agent is required by applicable law to make any payment in respect of the Notes or the Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. 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 the Paying Agents will be obliged to make any additional payments to holders of Notes or the Coupons in respect of any such withholding or deduction.**

See further *German Tax Considerations and Luxembourg Tax Considerations.*

Additional Issuances:

Subject to certain conditions, the Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further Notes having the same terms and conditions as existing Classes of Notes (other than any Class of Combination Notes).

See further Condition 16.

Ratings of the Notes:

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class A2 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class B Notes receives a rating of at least "AA" by S&P and "AA" by Fitch, each of the Class C Notes receives a rating of at least "A" by S&P and "A" by Fitch, each of the Class D Notes receives a rating of at least "BBB" by S&P and "BBB" by

Fitch, each of the Class F1 Combination Notes receives a rating of at least "BBB-" by S&P and each of the Class F2 Combination Notes receives a rating of at least "A" by S&P. A rating will not be sought for the Subordinated Notes.

See further *Ratings of the Notes*.

Listing:

It is a condition to the issuance of the Notes that application shall have been made for the Notes to be admitted to the Official List and trading on the regulated market of the Irish Stock Exchange. Such application has, as of the date of this Prospectus, been made.

THE MORTGAGED PROPERTY

Description of Mortgaged Property:

The Notes and the Coupons will be secured by: (i) a diversified portfolio of Collateral Debt Securities and Eligible Investments, and (ii) the rights and claims of the Issuer under the Collateral Management Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Agency Agreement, Listing Agent Appointment Agreement, the Notes Placement Agreement, the Class A1 Notes Purchase Agreement, the Liquidity Facility Agreement, the Collateral Acquisition Agreement, any Transfer Agreement, the Hedge Agreement and any future agreements to which the Issuer will become a party and in respect of which the Issuer will grant to the Trustee a security interest for itself and for the benefit of the other Secured Parties in accordance with the Trust Agreement. Security interests shall be granted by the Issuer with respect to the Mortgaged Property in favour of the Trustee for itself and for the benefit of the other Secured Parties. In the event of any realisation of the Mortgaged Property the net proceeds will be allocated in accordance with the Enforcement Priority of Payments.

See further Condition 4, *Description of Portfolio and Hedge Agreement* and Clause 3 of the Trust Agreement.

Subject to the risks described in the *Risk Factors*, the portfolio of Collateral Debt Securities and Eligible Investments is intended to have characteristics which will enable it to produce funds to service any payments due and payable on the Notes in accordance with the Priorities of Payment.

See further *Risk Factors*.

Collateral Management Agreement:

Pursuant to the Collateral Management Agreement, the Collateral Manager will be delegated the authority to carry out its functions as described therein and will have all authority and powers as are reasonably incidental to the performance of its obligations thereunder.

The Collateral Manager will render management advice to the Issuer (acting through the Investment Board) by making proposals for the purchase and sale of Collateral Debt Securities and Eligible Investments, hedging arrangements and other decisions to be taken by the Investment Board on behalf of the Issuer.

As compensation for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager will be entitled to receive, in each case subject to the relevant Priorities of Payment:

- (a) the Senior Collateral Management Fee on each Payment Date and
- (b) the Subordinated Collateral Management Fee on the Final Payment Date.

See further *The Collateral Management Agreement*.

Investment Board Agreement:

Pursuant to the Investment Board Agreement, the Investment Board will make decisions on behalf of the Issuer with regard to the advice and proposals to purchase and sell Collateral Debt Securities and Eligible Investments, hedging arrangements as well as certain other proposals made by the Collateral Manager. The Investment Board shall be comprised of at least two members appointed by the Investment Board Provider in accordance with the provisions of the Investment Board Agreement.

Collateral Administration Agreement:

Pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator, amongst other things:

- (a) to monitor the collection of amounts received;
- (b) to determine the amounts payable to the Noteholders and the other Transaction Creditors in accordance with the relevant Priorities of Payment and provide account management services to the Issuer;
- (c) to prepare certain reports on behalf of the Issuer;
- (d) to perform certain other functions with respect to the Collateral Debt Securities and the Eligible Investments; and
- (e) to monitor the level of compliance in respect of the Portfolio Provisions.

See further *The Collateral Administration Agreement*.

Acquisition and Disposal of Collateral Debt Securities:

On or about the Closing Date, the Issuer will purchase from Canadian Imperial Bank of Commerce, Collateral Debt Securities for an Aggregate Principal Balance equal to a minimum of 70% of the Target Par Amount, to be included in the initial Portfolio as of the Ramp-Up Effective Date pursuant to the Collateral Acquisition Agreement.

The Collateral Manager will use its commercially reasonable efforts to advise and make proposals to the Investment Board for the acquisition of Collateral Debt Securities on behalf of the Issuer up to an Aggregate Principal Balance equal to or greater than €198,000,000 (the "**Target Par Amount**") on or before the Ramp-Up Effective Date subject to and in accordance with the terms of the Collateral Management Agreement.

During the Reinvestment Period, Principal Proceeds, Uninvested Proceeds and Interest Proceeds Distribution Amounts available for such purpose in accordance with paragraph (T) of the Interest Proceeds Priority of Payment may be used by the Issuer, acting through the Investment Board, to acquire Collateral Debt Securities and/or Eligible Investments, upon the advice of the Collateral Manager, all as subject to and in accordance with the terms of the Collateral Management Agreement and the Investment Board Agreement.

After the Reinvestment Period, the Interest Proceeds Distribution Amounts available for such purpose in accordance with paragraph (T) of the Interest Proceeds Priority of Payment may be used by the Issuer, acting through the Investment Board, to acquire Collateral Debt Securities and/or Eligible Investments upon the advice of the Collateral Manager, all as

subject to and in accordance with the terms of the Collateral Management Agreement and the Investment Board Agreement.

Subject to the terms of the Collateral Management Agreement, the Collateral Manager may advise the Investment Board acting on behalf of the Issuer to, and the Issuer (through the Investment Board) may, upon such advice, in the open market or otherwise, dispose or procure the disposal of:

- (a) any Defaulted Security;
- (b) any Credit Risk Security;
- (c) any Deferred Interest PIK Security;
- (d) any Credit Improved Security;
- (e) any Collateral Debt Security, if directed to do so by an Extraordinary Resolution of each Class of Noteholders.

In addition, the Collateral Manager may, during the Reinvestment Period, propose the disposal of any Collateral Debt Security (a "**Tradeable Security**") other than a Collateral Debt Security proposed to be disposed of in the circumstances referred to above subject to certain conditions including that the aggregate Principal Balance of Tradeable Securities actually disposed of for a given year (for the avoidance of doubt, including the proposed disposal) does not exceed 15 per cent. of the Aggregate Principal Balance of the Collateral Debt Securities held by the Issuer at the beginning of that year, for which purposes a year shall be deemed to be from and including 6 October in a year to but excluding 6 October in the following year.

However, none of the disposals referred to above may be made if, apart from the substitution of Collateral Debt Securities for the purpose of ensuring the size, the maturity and the risk structure of the Portfolio, the Aggregate Principal Balance of Collateral Debt Securities and Eligible Investments disposed of for any twelve months period (for the avoidance of doubt, including the proposed disposal) exceeds an amount of 20% of the Aggregate Principal Balance of the Collateral Debt Securities and Eligible Investments held by the Issuer at the beginning of that twelve months period.

Following the issue of any notice of an optional redemption of the Notes in accordance with Conditions 6(e), 6(g) or 6(h), the Collateral Manager may propose the disposal of any Collateral Debt Security and/or Eligible Investment in the open market or otherwise to the Investment Board (which will consider such proposals and take decisions on behalf of the Issuer), provided that:

- (a) the Sale Proceeds therefrom are used to pay all amounts referred to in Conditions 6(e), 6(g) or 6(h), as the case may be, to redeem the relevant class of Notes (in whole but not in part) and to pay all amounts ranking in priority thereto in accordance with the relevant Priorities of Payment; and
- (b) all the Collateral Debt Securities and/or Eligible Investments to be sold pursuant to this provision will be sold in accordance with the relevant requirements set

forth in Condition 6.

In the event of any redemption or purchase of the Notes in whole prior to their Stated Maturity by the Issuer, the Collateral Manager will use all commercially reasonable efforts to advise and make proposals to the Investment Board acting on behalf of the Issuer, for the sale or liquidation of the Portfolio and other assets forming the Mortgaged Property of the Issuer (including but not limited to the Hedge Agreement) so that the proceeds thereof are available in immediately available funds not later than one Business Day prior to the scheduled Redemption Date.

See further *Description of Portfolio and Hedge Agreement*.

Ramp-Up Effective Date: The earlier of (a) the Payment Date falling in October 2006 and (b) the date on which the Aggregate Principal Balance of all Collateral Debt Securities is equal to the Target Par Amount.

Reinvestment Period: The period from (and including) the Closing Date to (but excluding) the Payment Date falling in October 2010. The Reinvestment Period may be suspended for certain purposes.

See further *Description of Portfolio and Hedge Agreement – Provision 5 (Other Matters Relating to the Eligibility Criteria and the Portfolio Criteria.)*

Hedge Agreement: On the Closing Date, the Issuer will enter into the Hedge Agreement with the Hedge Counterparty and the Trustee and may from time to time enter into Collateral Interest Rate Swaps thereunder.

See further *Description of Portfolio and Hedge Agreement – Provision 8 (Hedge Agreement)*.

Liquidity Facility Agreement: On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider, the Trustee and the Collateral Administrator. Subject to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will make available to the Issuer from time to time Liquidity Asset Purchase Drawings, Liquidity Accrued Interest Drawings and/or Liquidity PIK Drawings, as the case may be, for the purposes of, among other things, (i) funding the purchase of accrued interest on Collateral Debt Securities, (ii) enabling the Issuer to make payments of interest due in respect of the Notes due to a shortfall resulting from Collateral Accrued Interest (but not if such shortfall results from any Deferred Interest PIK Security or any Defaulted Security), and (iii) paying interest on the Senior Notes and any Issuer Senior Expenses if there is a shortfall on any Payment Date in Interest Proceeds due to the deferral of interest on the Collateral Debt Securities (but not if such shortfall results from any Deferred Interest PIK Security or any Defaulted Security).

See further *Description of the Liquidity Facility Agreement*.

Business Days: Any day which is a TARGET Day and on which banks settle payments and are open for business in London and Luxembourg.

Governing Law: The Notes, the Trust Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Class A1 Notes Purchase Agreement, the Agency Agreement, the Liquidity Facility

Agreement, the Master Interpretation and Construction Schedule and the Notes Placement Agreement will be governed by, and construed in accordance with, the laws of the Federal Republic of Germany. The Hedge Agreement, the Collateral Acquisition Agreement and the English Security Deed will be governed by, and construed in accordance with English law, and the Domiciliation Agreement and the Auditor Engagement Letter will be governed by, and construed in accordance with, the laws of the Grand Duchy of Luxembourg. The collateral interest rate swaps (other than those entered into under the Hedge Agreement), any future Security Agreements and any other agreements entered into by Issuer from time to time will be subject to the laws agreed upon by the Issuer and the respective contract counterparties.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, Ireland, the Grand Duchy of Luxembourg and other states and such other restrictions as may be required in connection with the offering and sale of the Notes.

See *Subscription and Sale*.

RISK FACTORS

An investment in the Notes of any Class involves certain risks, including risks relating to the Mortgaged Property securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this document, prior to investing in the Notes of any Class.

General

It is intended that the Issuer will invest in Collateral Debt Securities and other financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in *Description of Portfolio and Hedge Agreement*. There can be no assurance that the Issuer's investments will be successful, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return or any particular return on their investment in the Notes. Prospective investors are therefore advised to review this entire Prospectus carefully and should consider, among other things, the factors set out below before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary depending on its priority of payment pursuant to the Priorities of Payment.

None of the Notes Placement Agent, the Trustee, the Investment Board Provider or the Collateral Manager undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Notes Placement Agent, the Trustee, the Investment Board Provider or the Collateral Manager which is not included in this Prospectus.

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition.

Risks Relating To The Mortgaged Property

Nature of the Mortgaged Property

The Mortgaged Property is subject to credit, liquidity and interest rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance. It is expected that substantially all of the Collateral Debt Securities pledged to secure the Notes will consist of Structured Finance Securities and CDOs.

The market value of the Mortgaged Property generally will fluctuate with, among other things, the financial condition of the obligors of the Mortgaged Property and the underlying assets, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, region or country and changes in prevailing interest rates.

Credit Risk

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Collateral Debt Securities held by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to the holders of each Class of Notes. In particular, prospective purchasers of the Notes should be aware that the amount and timing of payment of the principal and interest on the Collateral Debt Securities will depend upon the detailed terms of the documentation relating to each of the Collateral Debt Securities and on whether or not any obligor thereunder defaults in its obligations.

Default and Concentration Risk

The Mortgaged Property has been constituted in such a way so as to withstand certain assumed deficiencies in payment occasioned by defaults on the Collateral Debt Securities. See *Ratings of the Notes*. If, however, actual payment deficiencies exceed such assumed levels, payments on the Notes could be adversely affected. The amount by which defaults on the Collateral Debt Securities adversely

affect each Class of Notes will be directly related to the level of subordination thereof pursuant to the relevant Priorities of Payment.

The risk that payments on the Notes could be adversely affected by defaults on the Collateral Debt Securities is likely to be increased to the extent that the Portfolio is concentrated in any one industry, region or country as a result of the increased potential for correlated defaults in respect of a single industry, region or country as a result of downturns relating generally to such industry, region or country. To the extent that a default occurs with respect to any Collateral Debt Security securing the Notes and the Collateral Manager proposes to the Issuer (acting through the Investment Board) to sell or otherwise dispose of such Collateral Debt Security, it is not likely that the proceeds of such sale or disposition will be equal to the full amount of principal and interest thereon. Should increases in default rates occur with respect to the types of collateral comprising the Collateral Debt Securities, the actual default rates of the Collateral Debt Securities may exceed any hypothetical default rates assumed by investors in determining whether to purchase the Notes.

Disposal Risk and Reinvestment Risk

The market value of the Collateral Debt Securities generally will fluctuate with, among other things, the financial condition of the obligors of the Collateral Debt Securities, the credit quality of the underlying pool of assets securing any Collateral Debt Security, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, region or country and changes in prevailing interest rates.

In the event that a Collateral Debt Security becomes a Credit Improved Security, a Credit Risk Security, a Deferred Interest PIK Security or a Defaulted Security, the Collateral Manager may propose to the Issuer (acting through the Investment Board) either to sell or retain the affected asset. There can be no assurance as to the timing of the Collateral Manager's proposal for the sale of the affected asset, or if there will be any market for such asset or as to the rates of recovery on such affected asset.

At any time there may be a limited pool of investments that would not cause the Portfolio to breach the Portfolio Criteria given the other investments in the Portfolio. As a result, the Collateral Manager may at times find it difficult to identify suitable investments to propose to the Investment Board (acting on behalf of the Issuer) for purchase by the Issuer. If the Issuer is unable to purchase sufficient suitable investments prior to the Ramp-Up Effective Date there may be a Rating Withdrawal which may result in the principal of all or a portion of the Notes being required to be repaid.

No Investigations

None of the Issuer, the Notes Placement Agent, the Collateral Manager, the Investment Board Provider, the Custodian, the Collateral Administrator or the Trustee has made any investigation into the obligors under the Collateral Debt Securities and prospective purchasers of Notes should not rely on such parties having made any such investigations. The value of the Collateral Debt Securities may fluctuate from time to time (as a result of substitution or otherwise) and none of the Issuer, the Trustee, the Notes Placement Agent, the Custodian, the Collateral Manager, the Investment Board Provider, the Collateral Administrator or any of their respective Affiliates is under any obligation to maintain the value of the Collateral Debt Securities at any particular level. None of the Issuer, the Trustee, the Notes Placement Agent, the Custodian, the Collateral Manager, the Investment Board Provider, the Collateral Administrator or any of their respective Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Debt Securities from time to time.

Prospective purchasers of the Notes should consider and assess for themselves the likely level of defaults on the Collateral Debt Securities, as well as the likely level and timing of recoveries on the Collateral Debt Securities.

Subordination of Collateral Debt Securities

It is expected that a portion of the Collateral Debt Securities owned by the Issuer will be subordinated to one or more other classes of securities of the same issue for the purposes of, among other things, offsetting losses and other shortfalls with respect to the related underlying pool of assets. In addition, in the case of some Collateral Debt Securities, no distributions of principal will generally be made with respect to any class until the aggregate principal balances of the corresponding senior classes of

securities have been reduced to zero. As a result, the subordinate classes are more sensitive to risk of loss and write-downs than senior classes of such securities.

Structured Finance Securities

Most of the Collateral Debt Securities will be Structured Finance Securities. There can be significant credit risks associated with investing in Structured Finance Securities. The structure of a Structured Finance Security and the terms of the investors' interest in the underlying collateral can vary widely depending on the type of collateral, the wishes of investors and the use of credit enhancements. Although the basic elements of Structured Finance Securities are generally similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with holding Structured Finance Securities include the process by which principal and interest collections on the underlying collateral are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such Structured Finance Securities, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, the extent to which credit support is provided to the issuing vehicle and the extent to which the entity that is the actual source of the collateral assets is obliged to provide support to the issuing vehicle or to the investors in such Structured Finance Securities.

Holders of Structured Finance Securities bear various risks, including, without limitation, credit risks, liquidity risks, currency risks, interest rate risks, market risks, operations risks, structural risks and tax and legal risks. In addition, concentrations of Structured Finance Securities of a particular type, as well as concentrations of Structured Finance Securities issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may subject the Notes to additional risk.

A significant portion of the Mortgaged Property will consist of Structured Finance Securities that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In addition, many of the transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such subordinate securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. This effect is mitigated by excluding Deferred Interest PIK Securities from the Eligibility Criteria and by permitting the disposal of securities that subsequently became Deferred Interest PIK Securities under certain circumstances as set forth in the Portfolio Provisions. Additionally, as a result of cash flow being diverted to payments of principal on more senior classes, the expected average life of such subordinate securities may lengthen. Subordinated Structured Finance Securities generally do not have the right to call a default or vote on remedies following a default unless more senior securities have been paid in full. As a result, a shortfall in payments to investors in subordinated Structured Finance Securities will generally not result in a default being declared on the transaction and the transaction will not be restructured or unwound. Furthermore, because subordinated Structured Finance Securities may represent a relatively small percentage of all securities secured by the same asset pool, the impact of a relatively small loss on the overall pool may be substantial on the holders of such subordinate securities.

CDOs

A proportion of the Collateral Debt Securities will consist of CDOs. CDOs generally are limited recourse obligations of the issuer thereof payable solely from the collateral debt securities of such issuer ("**CDO Collateral**") or proceeds thereof. Consequently, holders of CDOs must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment in respect of their CDOs. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for the payment of such deficiency and following realisation of the CDOs, the obligations of such issuer to pay such deficiency shall be extinguished.

The CDO Collateral is subject to various risks, including credit, liquidity, currency and interest rate risks. Such assets may consist of high yield debt securities, loans, Structured Finance Securities and other debt instruments, generally rated below investment grade (or of equivalent credit quality). High yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to

certain other obligations of the issuer thereof. The lower rating of high yield securities and below investment grade loans reflects a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal or interest. Such investments may be speculative.

Issuers of CDOs may acquire interests in loans and other debt obligations by way of sale, assumption, transfer or participation. The purchaser of a transfer typically succeeds to all the rights and, in some cases, the obligations of the transferring institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the transferring institution.

Purchasers of loans are predominantly commercial banks, investment funds, mutual funds and investment banks. As secondary market trading volumes increase, new loans are frequently adopting standardised documentation to facilitate loan trading which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customised nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high yield debt securities market.

In purchasing participations, an issuer of CDOs will usually have a contractual relationship only with the selling institution, and not the borrower. The issuer generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The issuer may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, the issuer may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the issuer may be subject to the credit risk of the selling institution as well as that of the borrower.

CDOs are subject to interest rate risk. The CDO Collateral of an issuer of CDOs may bear interest at a fixed (floating) rate while the CDOs issued by such issuer may bear interest at a floating (fixed) rate. As a result, there could be a fixed/floating rate mismatch between such CDOs and CDO Collateral which bears interest at a fixed rate ("**Fixed Rate Assets**"), and there may be a timing or basis mismatch between the CDOs and assets that are not Fixed Rate Assets ("**Floating Rate Assets**") as the interest rate on such Floating Rate Assets may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the CDOs. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability of the issuer to make payments on its CDO.

CDOs are subject to currency risk if and to the extent that the underlying CDO Collateral includes obligations for the payment of principal and/or interest in currencies other than the currency of the payments to be made to investors in such CDO. Such currency risks may be mitigated by currency swaps entered into by the issuer of the CDO, but even if entered into, such currency swaps may not be able to provide full protection against any currency fluctuations and the costs to the issuer of the CDO of entering into and maintaining such currency swaps may be significant. Such costs, if significant, may adversely affect the ability of the issuer to make payments to investors in the CDO.

Synthetic Credit Linked Securities

With respect to Synthetic Credit Linked Securities, the Issuer will usually have a contractual relationship with the issuer of the Synthetic Credit Linked Security only, and not with the Reference Obligor of the underlying Reference Obligation. The Issuer generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of set-off against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The Issuer will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of the insolvency of the issuer of the Synthetic Credit Linked Security and if the relevant Synthetic Credit Linked Security is not collateralised, the

Issuer will be treated as a general creditor of such issuer, and will not have any claim with respect to the Reference Obligation. Consequently, the Issuer will be subject to the credit risk of the issuer of the Synthetic Credit Linked Security as well as that of the Reference Obligor, provided that no Synthetic Credit Linked Security can be leveraged. As a result, concentrations of Synthetic Credit Linked Securities from any one issuer of Synthetic Credit Linked Securities may subject the Notes to an additional degree of risk with respect to defaults by such issuer as well as by the Reference Obligor.

While the Issuer expects that the returns on a Synthetic Credit Linked Security will generally reflect those of the related Reference Obligation, as a result of the terms of the Synthetic Credit Linked Security and the assumption of the credit risk of the applicable issuer of the Synthetic Credit Linked Security, a Synthetic Credit Linked Security may have a different expected return, a different (and potentially greater) probability of default, a different (and potentially greater) expected loss characteristic following a default, and a different (and potentially lower) expected recovery following default. Additionally, when compared to the Reference Obligation, the terms of a Synthetic Credit Linked Security may provide for different maturity dates, payment dates, interest rates, interest rate references, credit exposures, or other credit or non-credit related characteristics. Upon default on a Reference Obligation, or in certain circumstances, default or other actions by the Reference Obligor, the terms of the relevant Synthetic Credit Linked Security may permit or require the issuer of the Synthetic Credit Linked Security to satisfy its obligations under the Synthetic Credit Linked Security by delivering to the Issuer a Reference Obligation or an amount equal to the then current market value of a Reference Obligation.

Deferral of Interest

Collateral Debt Securities may not pay current interest in cash such that all or a part of a Collateral Debt Security's interest may be deferred or capitalised and added to principal or paid by the issuance of a further obligation. Accordingly, the Issuer will be exposed to the risk of deferred interest collections. This risk is mitigated, particularly for the Senior Noteholders, by the availability of Liquidity Drawings to the Issuer.

Counterparty Risk

The Issuer will be exposed to the credit risk of the relevant counterparty with respect to any payments due to it under the Hedge Agreement and the Liquidity Facility Agreement. The Issuer will depend upon the Hedge Counterparty and the Liquidity Facility Provider to perform their respective obligations under any Collateral Interest Rate Swaps or the Liquidity Facility Agreement, as the case may be. If the Hedge Counterparty or the Liquidity Facility Provider defaults or becomes unable to perform its obligations under the Collateral Interest Rate Swaps or the Liquidity Facility Agreement, as the case may be, due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from the Hedge Counterparty or the Liquidity Facility Provider. This may affect the Issuer's ability to make payments to the Noteholders.

Insolvency of Obligors under Collateral Debt Securities

The Collateral Debt Securities may be subject to various laws enacted for the protection of creditors in the jurisdictions of incorporation of the obligors thereunder and, if different, the jurisdictions from which the obligors conduct their business and in which they hold their assets, which may adversely affect such obligors' abilities to make, or the Issuer's ability to obtain, payment on a full or timely basis. These insolvency considerations will differ depending on the country in which each obligor or its assets is located and may differ depending on the legal status of the obligor.

Target Par Amount

The Issuer has entered into or intends to enter into agreements to purchase a substantial portion of the Portfolio on or prior to the Closing Date. The prices paid for such Collateral Debt Securities will primarily be based on the prices paid by the seller of such Collateral Debt Securities, which may be greater or less than their market value on the Closing Date or the date of settlement of the applicable trade, if later. In addition, although such obligations satisfied or are expected to satisfy the Eligibility Criteria at the time of purchase on the applicable trade date, it is possible that such obligations may no longer satisfy such Eligibility Criteria on the Closing Date (if later) due to intervening events, in which case they will be removed from the initial Portfolio.

Pursuant to the Collateral Management Agreement to be entered into on the Closing Date, the

Collateral Manager will use its reasonable efforts to advise and make proposals to the Investment Board for investing in Collateral Debt Securities on behalf of the Issuer up to an Aggregate Principal Balance equal to or greater than the Target Par Amount on or before the Ramp-Up Effective Date. The Collateral Manager's ability to do so will depend on a number of factors beyond the Collateral Manager's control including the condition of certain financial markets, general economic conditions and international political events and there can therefore be no assurance that such result will be achieved. To the extent it is not possible to purchase such Collateral Debt Securities, the level of income receivable by the Issuer on the Mortgaged Property and the weighted average lives of the Notes may be adversely affected. The Collateral Administrator shall request that the Rating Agencies confirm the ratings assigned to the Rated Notes within 20 days after the Ramp-Up Effective Date. Failure to satisfy the Portfolio Criteria as a result of any inability to acquire Collateral Debt Securities may result in the Rating Agencies not confirming the ratings assigned to the Rated Notes. If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the relevant Priorities of Payment, until the Rating Agencies confirm that each such rating is reinstated.

Mortgaged Property Reinvestment Provisions

During the Reinvestment Period, subject to certain conditions, the Collateral Manager may advise the Investment Board (acting on behalf of the Issuer) to dispose of Tradeable Securities and the use of the Sale Proceeds thereof to acquire substitute Collateral Debt Securities. *See Description of Portfolio and Hedge Agreement – Provision 2 (Acquisition and Disposal of Collateral Debt Securities and Eligible Investments)*. The earnings with respect to such substitute Collateral Debt Securities will depend on, among other factors, reinvestment rates available at the time and on the availability of investments satisfying the Eligibility Criteria and the Portfolio Criteria and approved by the Investment Board (acting on behalf of the Issuer), based upon the advice of the Collateral Manager. The need to satisfy such Eligibility Criteria and the Portfolio Criteria and identify acceptable investments may require the purchase by the Investment Board (acting on behalf of the Issuer, based on the advice of the Collateral Manager) of substitute Collateral Debt Securities with a lower yield than those initially acquired or require that such Sale Proceeds be maintained temporarily in cash or Eligible Investments, which may reduce the yield on the Mortgaged Property. Further, issuers of Collateral Debt Securities may be more likely to exercise any rights they may have to redeem such obligations when interest rates or spreads are declining. The impact, including any adverse impact, of such disposal or potential reinvestment on the holders of the Notes will be magnified by the leveraged nature of the Notes and the level of their subordination in the structure.

Interest Rate Risk

The Senior Notes and the Mezzanine Notes will bear interest at floating rates based on EURIBOR. However, the amount or proportion of the Collateral Debt Securities securing the Notes that bear interest at floating rates based on EURIBOR may not correspond to the amount or proportion of the Notes that bear interest on such basis, and there will be no requirement as to the amount or proportion of the Collateral Debt Securities securing the Notes that must bear interest on a particular basis, save that the Portfolio Criteria provide that the Aggregate Principal Balance of all fixed rate Collateral Debt Securities that bear interest at a fixed rate will be not more than €50 million of which not more than 5 per cent. of the then current aggregate Principal Balance will not be subject to Collateral Interest Rate Swaps.

In addition, any payments of principal or interest received in respect of Collateral Debt Securities and not otherwise reinvested during any Reinvestment Period in Collateral Debt Securities may be reinvested in Eligible Investments until shortly before the next Payment Date or Single Draw Note Payment Date, as the case may be. There is no requirement that such Eligible Investments bear interest on a particular basis, and the interest rates available for such Eligible Investments are inherently uncertain. As a result of these factors, it is expected that there will be a fixed/floating rate mismatch and/or a floating rate basis mismatch between the Notes and the underlying Collateral Debt Securities and Eligible Investments. Such mismatch may be material and may change from time to time as the composition of the related Collateral Debt Securities and Eligible Investments change and as the Notes of various Classes are repaid. As a result of such mismatches, changes in the level of EURIBOR could

adversely affect the ability of the Issuer to make payments in full on the Notes.

There can be no assurance that the Collateral Debt Securities and Eligible Investments securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes or that any particular levels of return will be generated on the Subordinated Notes.

Changes in Tax Law

Payments made under any Collateral Debt Security should not, under current applicable law, be subject to withholding tax at the time of acquisition of such Collateral Debt Security. This is generally as a consequence of the Issuer's being able to take advantage of a double taxation treaty between Luxembourg and the jurisdiction from which the relevant payment is made or the current applicable law in the jurisdiction of the relevant obligor. However, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Securities might not in the future become subject to withholding tax. In the event that any withholding tax should become applicable to payments on the Collateral Debt Securities, such tax would reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Securities would be sufficient to make timely payments of interest, principal on the Stated Maturity and other amounts payable in respect of the Notes of each Class. Although the Conditions provide, under certain circumstances, for an option of certain Noteholders to have the Notes redeemed by the Issuer upon the occurrence of such an event, the exercise of such option may not suffice to offset the aforesaid effects that have already occurred.

Risks Relating To The Notes

Limited Recourse Obligations

The Notes will be limited recourse obligations of the Issuer and will be payable solely from amounts received in respect of the Collateral Debt Securities and other Mortgaged Property securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Mortgaged Property will be subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal, interest and with respect to the Class A1 Single Draw Notes and Class A1 Delayed Draw Notes, accrued commitment fees, on prior ranking Classes of Notes and certain other required amounts to other creditors ranking senior.

None of the Notes Placement Agent, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Agents, the Custodian or any of their Affiliates or any other person or entity (other than the Issuer) will be obligated to make payments on the Notes. Consequently, the Noteholders must rely solely on distributions on the Collateral Debt Securities and other Mortgaged Property securing the Notes for the payment of principal and interest. There can be no assurance that the distributions on the Collateral Debt Securities and other Mortgaged Property securing the Notes will be sufficient to make payments on any Class of Notes after making payments on more senior Classes of Notes and certain other required amounts to other creditors ranking senior to or *pari passu* with such Class.

If distributions on such Collateral Debt Securities and other Mortgaged Property are insufficient to make payments on the Notes, no other assets will be available for payment of the shortfall and, following realisation of the security over the Mortgaged Property and the application of the proceeds thereof in accordance with the relevant Priorities of Payment, the obligations of the Issuer to pay such shortfall will be extinguished. The Combination Notes shall be limited recourse obligations of the Issuer to the extent of their respective Components.

In addition, only the Trustee may pursue the remedies available under the English Security Deed and no Noteholder is entitled under the English Security Deed to proceed directly against the Issuer to enforce the performance of any of the provisions of the English Security Deed unless the Trustee having become bound under the English Security Deed to take proceedings fails to do so within a reasonable period and such failure is continuing. The security interests granted to the Trustee under German law in the Trust Agreement are solely held by the Trustee (for the benefit of the Secured Parties), but do not constitute security interests of the Noteholders, the Couponholders or any of the other Secured Parties.

Subordination Generally

Save to the extent provided otherwise in the Conditions, payments of interest and commitment fees in respect of the Class A1 Notes will rank senior in right of payment to payments of interest in respect of each other Class of Notes, payments of interest in respect of the Class A2 Notes will rank senior in right of payment to payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes, payments of interest in respect of the Class B Notes will rank senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, payments of interest in respect of the Class C Notes (including any Class C Component, if applicable) will rank senior in right of payment to payments of interest in respect of the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes and the Class B Notes, payments of interest in respect of the Class D Notes (including any Class D Component, if applicable) will rank senior in right of payment to payments of interest in respect of the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, the Class B Notes and the Class C Notes and, lastly, payment of interest in respect of the Subordinated Notes (including any Subordinated Component, if applicable) will be subordinated in right of payment to payment of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of all other Classes of Notes.

Save to the extent provided otherwise in the Conditions, the repayment of principal of the Class A1 Notes will rank senior in right of payment to the repayment of principal of each other Class of Notes, the repayment of principal of the Class A2 Notes will rank senior in right of payment to the repayment of principal of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the repayment of principal of the Class B Notes will rank senior in right of payment to the repayment of principal of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes and the Class A2 Notes, the repayment of principal of the Class C Notes (including any Class C Component) will rank senior in right of payment to the repayment of principal of the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes and the Class B Notes, the repayment of principal of the Class D Notes (including any Class D Component) will rank senior in right of payment to the repayment of principal of the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes and lastly, the repayment of principal of the Subordinated Notes (including any Subordinated Component) will be subordinated in right of payment to the repayment of principal of all other Classes of Notes.

The risk of delays in payments or ultimate non-payment of principal and/or interest will be borne disproportionately by the holders of the Subordinated Notes as compared to the Notes of each other Class, and as among the holders of the other Classes of Notes will be borne disproportionately by the holders of more junior Classes of Notes as compared to the more senior Classes of Notes.

In addition, to the extent described herein, payments of interest on the Mezzanine Notes may be deferred to the extent there are not sufficient Interest Proceeds and/or Principal Proceeds available to pay such interest in accordance with the relevant Priorities of Payment and such deferral of interest will not constitute an Event of Default under the Notes at any time whilst any more senior Classes of Notes remain Outstanding. Any such deferral would increase the effects of the subordination of the Subordinated Notes and of the Mezzanine Notes.

Interest on Class C Deferred Interest and Class D Deferred Interest

Under Luxembourg law, save as in limited circumstances, the compounding of interest is contrary to public policy and a Luxembourg court may consider the provisions relating to interest payable on Class C Deferred Interest and Class D Deferred Interest as set forth in the Conditions to be in breach of Luxembourg international public policy and may disregard these provisions notwithstanding the fact that the Conditions are governed by German law. There is a risk that, if a junior Noteholder files

suit against the Issuer in a Luxembourg court, such court may set aside the relevant Conditions relating to interest on Class C Deferred Interest and Class D Deferred Interest and the Issuer may, even after having paid interest on Class C Deferred Interest and/or Class D Deferred Interest, be required to pay Class C Deferred Interest and Class D Deferred Interest in the order of the relevant Priorities of Payments as if such provisions did not exist.

Under Section 248 of the German Civil Code, an agreement made in advance to the effect that due interest shall itself bear interest is void. However, there are good reasons to argue that this restriction does not apply to the provisions on interest payable on Class C Deferred Interest and Class D Deferred Interest as set forth in the Conditions because, as a result of the Priorities of Payment and the provisions on limited recourse included in the Conditions, as long as Class C Deferred Interest or Class D Deferred Interest is deferred, it is not due within the meaning of German law and, in addition, the legislative purpose of the said prohibition which lies in enabling an obligor to compute its debt in advance in order to protect such obligor from overindebtedness remains unaffected, as the Issuer as obligor under the Notes is a special purpose vehicle that makes payments only in accordance with the relevant Priorities of Payment to the extent funds are available therefor and does not retain any funds received and, consequently, does not incur any additional burden as a result of the requirement to pay interest on deferred interest. Due to the lack of judicial precedents and statements in legal literature specifically addressing this particular issue, it cannot entirely be ruled out that a German court could interpret Section 248 of the German Civil Code in a broader sense so as to also to make it applicable to the provisions on deferred interest set forth in the Conditions or that it could apply Section 248 of the German Civil Code *mutatis mutandis* and invalidate the provisions on the payment of interest on Class C Deferred Interest or Class D Deferred Interest set forth in the Conditions.

Subordination and Deferred Interest on the Combination Notes

The Combination Notes will be subordinated to the extent of the subordination of their respective Components. The Combination Notes will be affected by default of interest and deferral of interest on the relevant Class of Notes comprising the respective Components of the Combination Notes.

Conflicts between Classes

The holders of specified Classes of Notes Outstanding (generally the Controlling Class) (including any relevant Component of Combination Notes) at a given time will be entitled to determine the remedies to be exercised under the Conditions if an Event of Default occurs thereunder and to exercise certain other voting rights. Such remedies, or actions taken pursuant to such voting rights, could be adverse to the interests of the holders of the Classes of Notes not entitled to vote, and the holders of the Notes of a given Class entitled to vote at any time will have no obligation to consider the effect of any such vote on the holders of any other Classes of Notes.

The Trust Agreement will provide that in the event of any conflict of interest between the holders of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes (including any Class C Component, if applicable), the Class D Notes (including any Class D Component, if applicable) and the Subordinated Notes (including any Subordinated Component, if applicable), the interests of the holders of the Controlling Class will prevail. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class, each representing, as appropriate, (a) less than the Relevant Percentage, or (b) less than the Majority, or (c) less than any other percentage as set out in the relevant Transaction Document or in the Conditions of the Aggregate Principal Amount Outstanding of the Controlling Class, the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class.

The Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes

Under the terms of the Class A1 Notes Purchase Agreement to be entered into on or prior to the Closing Date, the Issuer may, subject to certain conditions (including that the Class A1 Delayed Draw Notes Commitment Amount less any amounts which the Class A1 Delayed Draw Noteholder has failed to pay to the Issuer pursuant to a Funding Request has been reduced to zero), at any time during the Reinvestment Period and if no Funding has already been made with respect to the Class A1 Single Draw Notes, instruct the Collateral Administrator to make a Funding Request to the Class A1 Single Draw Noteholder. Under the terms of the Class A1 Notes Purchase Agreement, the Issuer may, subject to certain conditions, at any time prior to the Delayed Draw Notes Final Funding Date, make one or more Funding Requests to the Class A1 Delayed Draw Noteholder. On the Delayed Draw Notes Final

Funding Date, the Class A1 Delayed Draw Noteholder will be required to pay to the Initial Proceeds Account the Delayed Draw Notes Commitment Amount. The Issuer will be exposed to credit risk in respect of the Class A1 Single Draw Noteholder and the Class A1 Delayed Draw Noteholder with respect to any Funding required to be made to the Issuer by such Noteholders. The Issuer will depend upon the Class A1 Single Draw Noteholder and the Class A1 Delayed Draw Noteholder to perform their respective obligations under the Class A1 Notes Purchase Agreement. If the Class A1 Single Draw Noteholder and/or the Class A1 Delayed Draw Noteholder default or become unable to perform their obligations under the Class A1 Notes Purchase Agreement, due to insolvency or otherwise, the Issuer may not receive payments to which it would otherwise be entitled which may affect the ability of the Issuer to invest in Collateral Debt Securities. This effect is partly mitigated by the fact that the Issuer will not be required to pay commitment fees to the relevant Class A1 Single Draw Noteholder or Class A1 Delayed Draw Noteholder in respect of a Single Draw Note Interest Period or a Funding Period, as applicable, during which such default occurred or subsisted.

The entitlements of Noteholders in respect of the exercise of remedies under the Conditions if an Event of Default occurs thereunder and the exercise of certain other voting rights will be determined by reference to the Principal Amount Outstanding of the relevant Class of Notes held by the relevant Noteholders. For the purposes of calculating the Principal Amount Outstanding in respect of a Class A1 Single Draw Note during the Reinvestment Period or in respect of a Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, account will be taken not only of the outstanding amount of each Funding in respect of the Class A1 Single Draw Note or Class A1 Delayed Draw Note, as the case may be, but also of the Class A1 Single Draw Notes Commitment Amount in respect of the Class A1 Single Draw Note and the Class A1 Delayed Draw Notes Commitment Amount in respect of such Class A1 Delayed Draw Note, as the case may be, which amount may not have been funded by the relevant Class A1 Single Draw Noteholder or Class A1 Delayed Draw Noteholder, as the case may be, provided that, if a Class A1 Delayed Draw Noteholder or a Class A1 Single Draw Noteholder fails to provide a Funding after a duly made Funding Request, the voting rights of such Class A1 Delayed Draw Noteholder or a Class A1 Single Draw Noteholder will be excluded with respect to the amount to which such failure relates.

Interest Proceeds and Principal Proceeds may be applied on Single Draw Note Payment Dates to the payment of accrued and unpaid interest on the Class A1 Single Draw Notes or on any Funding relating thereto, subject to and in accordance with the relevant Priorities of Payment. This may be detrimental to the holders of each other Class of Notes and the holders of the Class A1 Delayed Draw Notes and the Class A1 Term Notes, payments in respect of which are made on Payment Dates only and subject to and in accordance with the relevant Priorities of Payment.

Mandatory Redemption of the Notes upon Breach of Coverage Tests

In certain circumstances, including breach of Coverage Tests, Interest Proceeds, Principal Proceeds and Uninvested Proceeds may be applied in redemption of the Notes in accordance with the relevant Priorities of Payment to the extent required to cause any Coverage Test so breached to be satisfied if recalculated following such redemption (in the case of the Interest Coverage Ratio Test, had such amounts been so applied on the previous Payment Date). This could result in an elimination, deferral or reduction of interest and/or principal payments made to the holders of the Notes, and, in the case of application of Principal Proceeds in redemption of the Notes during the Reinvestment Period or any suspension thereof rather than in reinvestment in Collateral Debt Securities, may also increase the leverage ratio of the Subordinated Notes to the Mortgaged Property which could adversely impact the level of the returns to the holders of the Subordinated Notes and will affect the average life of the Notes redeemed to satisfy the Coverage Tests.

Volatility of Subordinated Notes

The Subordinated Notes represent a leveraged investment in the underlying Collateral Debt Securities. It is therefore anticipated that changes in the market value of the Subordinated Notes will be greater than changes in the market value of the underlying Collateral Debt Securities, the obligations comprising which are subject to the credit, liquidity, interest rate, exchange rate, tax, legal and other risks discussed elsewhere herein.

Future Ratings of the Rated Notes Not Assured and Limited in Scope

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of

"AAA" by S&P and "AAA" by Fitch, each of the Class A2 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class B Notes receives a rating of at least "AA" by S&P and "AA" by Fitch, each of the Class C Notes receives a rating of at least "A" by S&P and "A" by Fitch, each of the Class D Notes receives a rating of at least "BBB" by S&P and "BBB" by Fitch, each of the Class F1 Combination Notes receives a rating of at least "BBB-" by S&P and each of the Class F2 Combination Notes receives a rating of at least "A" by S&P. A rating will not be sought for the Subordinated Notes.

The ratings of the Senior Notes by Fitch and S&P will address the timely payment of interest when due and the ultimate repayment of principal. The ratings of the Mezzanine Notes will address the ultimate (rather than the timely) payment of interest and the ultimate repayment of principal. The ratings of the Combination Notes will address the ultimate repayment of principal.

A credit rating is not a recommendation to buy, sell or hold the Rated Notes, inasmuch as such rating does not comment as to value or suitability for a particular investor. There is no assurance that a rating will remain for any given period of time or that the rating will not be lowered or withdrawn entirely by either Rating Agency if, in its judgement, circumstances in the future so warrant. In the event that a rating initially assigned to the Rated Notes is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to any such Rated Notes and the market value of such Notes is likely to be adversely affected.

There can be no assurance that each of the Rating Agencies will confirm, within 20 days after the Ramp-Up Effective Date, that it has not reduced or withdrawn the ratings assigned on the Closing Date on any of the Rated Notes nor that such period will be sufficient to permit a partial realisation of the Portfolio in order to prevent a Rating Withdrawal occurring. As noted above, upon any such Rating Withdrawal, the Notes bear the risk of early redemption in whole or in part resulting in potential reinvestment risk for the holders of such Notes.

Limited Liquidity and Restrictions on Transfer

Although there is currently a market for notes representing collateralised debt obligations similar to the Notes, currently no market exists for the Notes themselves. While the Notes Placement Agent may make a market in the Notes upon their respective issuance, it is under no obligation to do so. In addition, there can be no assurance that any secondary market will provide the holders of any such Class of Notes with liquidity of investment or will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time and potentially until their Stated Maturity. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees under certain circumstances. Such restrictions on the transfer of the Notes may further limit their liquidity.

The Issuer

The Issuer is a newly formed entity, which has been created for securitisation transactions and which has no significant operating history. The Issuer will have no significant assets other than the Collateral Debt Securities, Eligible Investments, its paid-in share capital and any amounts standing to the credit of the Accounts from time to time. The Issuer will not engage in any business activity other than the issuance of the Notes as described herein, the acquisition of and investment and reinvestment in underlying assets as described herein, certain activities conducted in connection with the payment of amounts in respect of the Notes and (through the Investment Board, based upon the advice of the Collateral Manager) the management of the Collateral Debt Securities and other activities incidental or related to the foregoing. Income derived from the Collateral Debt Securities and Eligible Investments will be the Issuer's principal source of income. A description of the Issuer is set out under the heading "EUROMAX MBS IV S.A" below.

Event of Default

Following an Event of Default the Notes may be redeemable. In such an event it is likely that the net proceeds either derived from, or realised on enforcement of the security over the Mortgaged Property will be insufficient to meet all amounts due to the Noteholders under the Notes.

No Gross-Up

Although no withholding tax is currently imposed on the payments of interest on the Notes, there can be no assurance that, as a result of any change in any applicable law, treaty, rule, regulation, or

interpretation thereof, the payments on the Notes would not in the future become subject to withholding taxes. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the holders of the Notes will not be entitled to receive grossed-up amounts to compensate for such withholding tax and no Event of Default will occur as a result of any such withholding or deduction. Under certain circumstances the Conditions provide for an option of certain Noteholders to have the Notes redeemed by the Issuer or allow for a substitution of the Issuer upon the occurrence of such an event. However, the exercise of such option or such substitution may not suffice to offset the aforesaid effects, and in particular, the Noteholders affected thereby may not be compensated for any losses relating thereto that have occurred prior to the redemption or substitution becoming effective.

Dependence on the Collateral Manager and the Investment Board

The Issuer has no employees and is dependent on the employees of the Collateral Manager to provide investment advice with respect to the Collateral Debt Securities and Eligible Investments and on the Investment Board to take decisions in respect of the advice given by the Collateral Manager. As a result, the success of the Issuer is highly dependent on the experience and ability of the Collateral Manager and the Investment Board.

Because the composition of the Collateral Debt Securities will vary over time, the performance of the Portfolio depends heavily on the skills of the Collateral Manager in analysing and giving advice on the selection and management of the Collateral Debt Securities as well as on the skills and experience of the members of the Investment Board, who are responsible for taking investment decisions. As a result, the Issuer will be highly dependent on the financial and managerial experience of certain individuals associated with the Collateral Manager and the Investment Board. The loss of one or more of these individuals could have a material adverse effect on the performance of the Issuer under the Transaction Documents. The Collateral Manager and the Investment Board are not required to devote all of their time to the affairs of the Issuer and may continue to advise and manage other investments in the future. Moreover, the Collateral Management Agreement and the Investment Board Agreement may be terminated or the Collateral Manager as well as the Investment Board may resign or be removed under certain circumstances described herein. The Issuer is under no obligation to monitor the compliance of the Collateral Manager, the Investment Board and the Collateral Administrator with their respective obligations under the Transaction Documents. Moreover, the Issuer is under no obligation to monitor the compliance of the Portfolio with any of the Coverage Tests or the Collateral Quality Tests and any such non-compliance will not constitute an Event of Default under the Conditions of the Notes.

Limited Liability of Collateral Manager and Investment Board Provider

The liability of the Collateral Manager and its obligation to indemnify the Issuer under the Collateral Management Agreement is limited to gross negligence and wilful misconduct. See "*The Collateral Management Agreement*". Similar provisions apply with respect to the Investment Board Provider. In addition, under the Investment Board Agreement the Investment Board Provider does not provide an indemnity to the Issuer. See "*The Investment Board Agreement*".

Risks of Investment Management

The Issuer will be permitted to engage in purchase and sale transactions in respect of a significant portion of its assets in accordance with the provisions of the Transaction Documents. The relevant investment decisions will be taken on behalf of the Issuer by the Investment Board which will be advised by the Collateral Manager. The Collateral Manager, in the context of giving investment advice, and the Investment Board, in making investment decisions, will have some discretion. If any of the assumptions, projections, estimates and judgements made by the Collateral Manager and the Investment Board in connection with the provision of their respective services to the Issuer turn out to be incorrect, the value of the Collateral Debt Securities could be materially adversely affected and consequently, the Noteholders might suffer material loss. Moreover, the Collateral Administrator will verify and certify that each purchase by the Issuer of Collateral Debt Securities and/or Eligible Investments complies with the Portfolio Provisions. If any of the verifications and certifications of the Collateral Administrator turn out to be incorrect, the value of the Collateral Debt Securities and/or Eligible Investments could be materially adversely affected and consequently, the Noteholders might suffer material loss.

Security

Clearing Systems: The Collateral Debt Securities which are securities will be held through the Custodian. The Custodian will hold the other securities comprising the Portfolio which can be so cleared (i) through its accounts with Euroclear or Clearstream, Luxembourg, or (ii) through its sub-custodians who will in turn hold such assets both directly and through any appropriate clearing system. Those assets held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian or its sub-custodian as the case may be. The English Security Deed will provide for a security interest over the Portfolio to be created under English law on the Closing Date but, subject as mentioned below, may take effect as a security interest over the right of the Issuer to require delivery of such assets or equivalent from the Custodian in accordance with the terms of the Agency Agreement which may expose the Secured Parties to the insolvency of the Custodian or its sub-custodian.

In any event, the security created pursuant to the English Security Deed may be insufficient or ineffective, particularly in the event of any insolvency or liquidation of the Custodian or any sub-custodian that has priority over the right of the Issuer to require delivery of such assets from the Custodian in accordance with the terms of the Agency Agreement. In this context, it should be noted that the Custodian is subject to a minimum rating requirement. In addition, custody and clearance risks may be associated with assets comprising the Portfolio that do not clear through Euroclear or Clearstream, Luxembourg. There is a risk, for example, that such securities could be counterfeit, or subject to a defect in title or claims to ownership by other parties.

Any risk of loss arising from any insufficiency or ineffectiveness of the security for the Notes or the custody and clearance risks which may be associated with assets comprising the Portfolio must be borne by the Noteholders without recourse to the Issuer, the Trustee, the Notes Placement Agent, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Custodian or any other party.

Fixed Security: Although the security constituted by the English Security Deed over the relevant Mortgaged Property held from time to time is expressed to take effect as a fixed charge, it may (as a result of, amongst other things, the degree of control the Trustee has over the Issuer's ability to deal in the Mortgaged Property) take effect as a floating charge which would rank after certain subsequent charges, the expenses of any winding-up or administration and any creditors preferred by law.

Security Interest in the Collateral Assets; Trustee Claim. The Issuer will grant a pledge (*Pfandrecht*) to the Trustee under the Trust Agreement in order to secure the Trustee Claim (*Treuhänderanspruch*), a claim granted to the Trustee in the Trust Agreement for the benefit of the Secured Parties. The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer towards the Noteholders and towards certain other secured creditors be fulfilled. There is no authority to the effect that the Trustee Claim of the Trustee against the Issuer established by the Trust Agreement may not be validly secured by a pledge of the Issuer's claims as set forth in the Trust Agreement. However, as there is no specific authority confirming the validity of such pledge either, the validity of such pledge is subject to some degree of legal uncertainty.

Average Life and Prepayment Considerations

The Stated Maturity of the Class A1 Notes is the Payment Date falling in October 2054 and the Stated Maturity of the Class A2 Notes, Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes and the Combination Notes is the Payment Date falling in October 2099.

However, the principal of the Notes of each Class is expected to be repaid in full prior to its Stated Maturity by a date on or around 12 years from the Closing Date.

Average life refers to the average amount of time that will elapse from the date of delivery of a security until each euro in principal amount outstanding of such security has been repaid to the investor. The average lives of the Notes will be determined by the amount, timing and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Securities (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the obligors of the underlying Collateral Debt Securities and the characteristics of such Collateral Debt Securities, including the

existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate, the actual level of recoveries on any Defaulted Securities and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral Debt Securities. Any disposition of a Collateral Debt Security may change the composition and characteristics of the Portfolio and the rate of payment thereon, and, accordingly, may affect the actual average lives of the Notes. The rate and timing of future defaults and the amount and timing of any cash realisation from Defaulted Securities or Deferred Interest PIK Securities will also affect the maturity and average lives of the Notes. The ability of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), to reinvest any Principal Proceeds and such decisions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), regarding whether or not to reinvest such proceeds will also affect the average lives of the Notes. Further, the average lives of the Notes will also be affected by the exercise of any of the optional or mandatory redemption provisions contained in Condition 6.

Use of Proceeds

The Issuer will use the proceeds of the issue of the Notes received by it on the Closing Date for, *inter alia*, payment of certain fees and expenses payable by the Issuer on the Closing Date including an upfront placement fee to the Notes Placement Agent in an amount equal to €600,000.

As a consequence of the payment of the fees and expenses payable on or around the Closing Date by the Issuer, the assets of the Issuer will initially be lower than the liabilities of the Issuer as of the Closing Date and, therefore, were the assets of the Issuer to be liquidated immediately after the Closing Date, the Subordinated Notes investors would suffer a loss of not less than approximately €1,800,000.

Certain Conflicts Of Interest

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager, the Investment Board Provider and/or their respective Affiliates.

The Collateral Manager, the Investment Board Provider and/or their respective Affiliates and their clients may invest for funds or accounts other than on behalf of the Issuer in securities that may otherwise qualify as Collateral Debt Securities or Eligible Investments. Such investments may be the same as or different from those made on behalf of the Issuer. In particular, but without prejudice to the foregoing, neither the Collateral Manager, the Investment Board Provider nor any of their respective Affiliates have any affirmative obligation or offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager, the Investment Board Provider and/or any of their respective Affiliates manage or advise. The Collateral Manager and any of its Affiliates may engage in negotiations leading to the restructuring of investments held for their own account or for the account of others.

In the event the Collateral Manager, subject to compliance with the applicable provisions of the Collateral Management Agreement, determines that the Issuer and some other client should purchase or sell the same securities at the same time, and, with respect to a purchase or sale by the Issuer, advises the Investment Board accordingly, the Collateral Manager anticipates that such purchases or sales will be allocated in a manner believed by the Collateral Manager to be equitable to each purchaser or seller. Nevertheless, under some circumstances, such allocation may adversely affect the Issuer with respect to the price or size of the securities positions obtainable or saleable. Moreover, it is possible, due to differing investment objectives or other reasons, that the Collateral Manager may purchase securities of an issuer for one client and sell such securities for another client. The Collateral Manager may simultaneously seek to give advice regarding the purchases or sales of securities between the Issuer and any other client of the Collateral Manager to the extent permitted by applicable law and the applicable provisions of the Collateral Management Agreement. The Collateral Manager and its Affiliates may only advise the Investment Board (acting on behalf of the Issuer) to invest in securities that are within the investment objectives of the Issuer. The Collateral Manager and its Affiliates may also invest in securities through different entities, which may have similar or identical investment objectives as the Issuer.

The Collateral Manager, the Investment Board Provider, the Trustee, the Collateral Administrator and their respective Affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest. In particular, such persons may make and/or hold an investment in an issuer's securities that may be *pari passu*, senior or junior in ranking to an investment in such issuer's securities made and/or held by the Issuer or in which partners, security-holders, Officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in restrictions on transactions in such securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its Affiliates may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to the Issuer's investments.

Although the Officers and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, such Officers and employees may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's other accounts and businesses. In addition, the Collateral Manager, in connection with its other business activities, may acquire material non-public confidential information that may restrict the Collateral Manager from purchasing securities or selling securities for itself or its clients (including advising and making any proposals to the Investment Board acting on behalf of the Issuer) or otherwise using such information for the benefit of its clients or itself.

The Collateral Manager, the Investment Board Provider and the Collateral Administrator may serve as a manager of limited partnerships or other companies organised to issue collateralised debt obligations of a type similar to the Notes.

So long as the Collateral Manager satisfies its duties and obligations to the Issuer (including to the Investment Board acting on behalf of the Issuer) under the Collateral Management Agreement and applicable law, the Investment Board (acting on behalf of the Issuer) will authorise and consent to the Collateral Manager from time to time selling Collateral Debt Securities to the Issuer or purchasing Collateral Debt Securities from the Issuer as broker both for the Issuer and another account on the other side of the transaction advised by the Collateral Manager or any of its Affiliates, in which case the Collateral Manager will act as broker for, receive commission and have a potentially conflicting division of loyalties and responsibilities regarding, one or both parties to such transactions. Although the Affiliates of the Collateral Manager anticipate that the commissions, mark-ups and mark-downs charged by such Affiliates will generally be competitive, the Collateral Manager may from time to time have interests in such transactions that are adverse to those of the Issuer, such as an interest in obtaining favourable commission rates, mark-ups and mark-downs.

There will not be any limitation or restriction on the Collateral Manager, the Investment Board Provider, the Collateral Administrator or any of their respective Affiliates with regard to acting as collateral manager or adviser (or in a similar role) to other parties or persons. This and other future activities of the Collateral Manager, the Investment Board Provider, the Collateral Administrator and/or their respective Affiliates may give rise to additional conflicts of interest.

Projections, Forecasts And Estimates

Any projections, forecasts and estimates contained herein are not purely historical in nature, but are forward looking statements and are subject to certain assumptions and to uncertainties as to circumstances and events that have not yet taken place and are subject to material variation. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only estimates and there can be no assurance that any projected or forecasted results will be attained. Actual results may vary from the projections, and such variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates or currency exchange rates, market, financial or legal uncertainties, the general availability of liquidity, differences in the actual allocation of the Collateral Debt Securities among asset categories from those assumed, the price at which the Collateral Debt Securities are actually purchased by the Issuer, any defaults on the Collateral Debt Securities, the timing of any such defaults and subsequent recoveries, the timing of acquisitions of the

Collateral Debt Securities, mismatches between the timing of accrual and receipt of Interest Proceeds from the Collateral Debt Securities and the effectiveness of the Hedge Agreement and any Collateral Interest Rate Swaps thereunder, among others. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Trustee, the Notes Placement Agent, or any of their respective Affiliates or any other person or entity of the results that will actually be achieved by the Issuer.

None of the Issuer, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Trustee, the Notes Placement Agent and their respective Affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Changes in Tax Status

The Issuer has received advice as to the existing laws of the Grand Duchy of Luxembourg in relation to its taxation position (see "Luxembourg Tax Considerations"). There can be no assurance that the position described therein will not change. Any such change in law or the interpretation thereof by applicable authorities may give rise to a greater tax burden on the part of the Issuer. Any increase in tax payable by the Issuer will result in a lower amount becoming payable under the Notes. The Conditions provide for the exercise of an option of certain Noteholders to demand redemption of the Notes or for a substitution of the Issuer, upon occurrence of such event. However, this may not suffice to offset the aforesaid effects, and in particular, the Noteholders affected thereby may not be compensated for any losses relating thereto that have occurred prior to the redemption or substitution becoming effective.

Taxation

Liability of the Issuer to German taxes on profits

Business profits derived by the Issuer would be subject to German corporate income tax if the Issuer were considered to have its place of effective management and control or otherwise maintained a permanent establishment (*Geschäftsleitung* or *Betriebsstätte*), or appointed a permanent representative (*ständiger Vertreter*), for its business in Germany. Business profits derived by the Issuer would be subject to German trade tax if the Issuer were considered to have its place of effective management and control or otherwise maintained a permanent establishment for its business in Germany, and to the extent that any net income derived by the Issuer were attributable to such permanent establishment.

For German tax purposes, the place of effective management and control of the Issuer is defined as the place where the preponderance of managerial decisions is taken that are relevant in conducting the day-to-day business of the Issuer. The place of effective management and control constitutes a permanent establishment. A permanent establishment is otherwise constituted by any fixed place of business or facility which serves the purposes of the Issuer and over which the Issuer's management has effective power of disposal (*Verfügungsmacht*), such as an office or a branch. A permanent representative of the Issuer is defined as a person who habitually acts in an agency capacity and subject to the instructions of the Issuer in respect of business dealings of the Issuer, in particular concludes contracts in the name of the Issuer or acts as an intermediary with respect to contracts concluded by the Issuer. Pursuant to the German-Luxembourg Double Taxation Treaty, persons acting in the capacity of a broker, general commission agent, or any other agent of independent status in the ordinary course of its business would not qualify as a permanent representative. The only activity in Germany which could be attributable to the Issuer for tax purposes would be the functions performed by the Collateral Manager. Although these functions are economically significant for the Issuer, the Collateral Manager will act in an advisory capacity and perform certain administrative functions only. The Collateral Manager will furthermore not enter into contracts in the name of, and having a binding effect on, the Issuer.

Given that the Collateral Manager will act as an agent of independent status in the ordinary course of its business, its contract intermediation services would not qualify it as a permanent representative of the Issuer pursuant to the relevant provisions of the German-Luxembourg Double Taxation Treaty. All material management decisions regarding the investments or divestments advised and proposed by the

Collateral Manager will be taken outside Germany on behalf of the Issuer by the Investment Board whose members are non-German resident officers or employees of the capital markets division of Hypo Real Estate Bank International or HI Asset Management, Inc. or any non-German subsidiary of Hypo Real Estate Bank International and are not employees of the Collateral Manager. Moreover, the Investment Board will enter into all agreements regarding the purchase and sale of securities on behalf of the Issuer. The Issuer has been advised that on this basis, its core management functions would not be performed in Germany, it would not have the power to dispose of business premises in Germany, it would not engage the activities of a person having the power to bind it contractually and consequently, the Issuer would not be subject to German corporate income tax or trade tax.

Investors should note however, that there can be no assurance that the German tax authorities or courts would agree with this assessment. If the Issuer were treated as effectively managed and controlled or otherwise maintaining a permanent establishment, or as appointing a permanent representative, in Germany, the Issuer would be subject to German corporate income tax. In calculating the corporate income tax base the Issuer would, however, be entitled to deduct all expenses accrued in a given tax year, including the interest currently payable on the Notes. The Issuer could therefore be expected to have a relatively small if not a flat corporate income tax base. By contrast, if the Issuer were viewed as maintaining a permanent establishment at its place of effective management and control, or otherwise, in Germany and the tax authorities were to take the position that the requirements of a non-German permanent establishment to which the indebtedness of the Issuer under the Notes may be attributed are not met, trade tax would arise with respect to taxable income of the Issuer attributable to its German permanent establishment. In that case, the net income subject to trade tax would be computed by including in such income half of the interest paid by the Issuer under the Notes.

Application of the German Investment Tax Act.

The Issuer will be acquiring and disposing of a diversified and managed portfolio consisting mainly of Structured Finance Securities. Due to this fact and to further circumstances, a German resident Noteholder could be viewed as having acquired in substance units of a foreign investment fund, i.e. an asset that represents units in respect of a portfolio of assets within the meaning of the German Investment Act (*Investmentgesetz*; "IA"), which portfolio consists of securities falling within the scope of the IA and is invested according to the principle of risk diversification as required by §§ 1, 2nd sentence, 2(8) IA.

There are good and valid reasons why the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes should not be treated as falling under the IA as the holders of such Notes will not, in the ordinary course of the transaction, effectively participate in the Issuer's profits or losses. According to a Federal Ministry of Finance circular dated June 2, 2005, CDOs do not constitute investment units if the investors do not effectively participate in the issuer's profits or losses. Such participation should not occur with respect to the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes. However, there is a more evident risk that the relevant tax authorities would view the Subordinated Notes and the Combination Notes as profit or loss participating. Nevertheless, based on the said circular, the latter Notes would also not qualify as foreign investment units if, apart from the substitution of securities (*Schuldtitel*) for the purpose of ensuring the size, the maturity and the risk structure, only up to 20% p.a. of the assets (*Vermögen*) of the issuer may, pursuant to the contractual terms, be traded on a discretionary basis. As the language of Portfolio Provision 2(K) covers the 20% cap, the Notes should not qualify as foreign investment units.

It may be expected that the tax authorities follow the interpretation of the IA and the Investment Tax Act (*Investmentsteuergesetz*; "ITA") as laid down in the Federal Ministry of Finance circular dated June 2, 2005 and that, if they decide to adopt a different position, they would - although this cannot be ruled out entirely - not do this with retroactive or retrospective effect. The tax authorities may, however, change their position with effect for the future. In addition, it needs to be noted that the circular has no binding effect on tax courts and that it cannot be ruled out that a tax court would take a different position and characterise such Notes as investment units. If this were the case or if, to some extent contrary to expectations, the tax authorities changed their position with respect to a characterization of CDOs as investment funds, it cannot be ruled out that the entire issue of Notes could be qualified as investment units as a consequence. If one or more Classes of Notes were to be qualified as investment units within the IA, the tax rules of the ITA would apply.

Prospective German purchasers of the Notes are strongly advised to consult their own tax advisors as to whether and to what extent the reporting requirements pursuant to the Transaction Documents meet the requirements stipulated in the ITA for a fully transparent investment fund. If such requirements were not fully met and the Notes were to be characterised as investment units under the IA, a German Noteholder would, in principle, be taxed annually based on the distributions, interim earnings (*Zwischengewinn*) and, in addition, 70% of the excess of the last determined redemption price, market price or stock exchange price of the underlying units for the calendar year over the first determined redemption price, market price or stock exchange price of the underlying units for the calendar year; in any case a minimum of 6% of the redemption price, market price or stock exchange price last determined for the calendar year is taken into account in accordance with § 6 ITA.

CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the "Conditions") applicable to each Class of the Notes issued on the Closing Date which will be attached to each Registered Note, each Global Bearer Note and each Definitive Bearer Note. In case of any overlap or inconsistency in the definition of a term or expression in the Conditions and elsewhere in this Prospectus, the definition in the Conditions will prevail.

The issue of €50,000 Class A1 Senior Secured Floating Rate Single Draw Notes due 2054 (the "**Class A1 Single Draw Notes**"), €18,950,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054 (the "**Class A1 Delayed Draw Notes**"), €130,000,000 Class A1 Senior Secured Floating Rate Term Notes due 2054 (the "**Class A1 Term Notes**" and, together with the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes, the "**Class A1 Notes**"), €16,000,000 Class A2 Senior Secured Floating Rate Notes due 2099 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**"), €1,400,000 Class B Senior Secured Floating Rate Notes due 2099 (the "**Class B Notes**" and, together with the Class A Notes, the "**Senior Notes**"), €6,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2099 (the "**Class C Notes**"), €6,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2099 (the "**Class D Notes**" and, together with the Class C Notes, the "**Mezzanine Notes**") and €1,600,000 Subordinated Notes due 2099 (the "**Subordinated Notes**"), €3,000,000 Class F1 Combination Notes due 2099 (the "**Class F1 Combination Notes**") and €3,000,000 Class F2 Combination Notes due 2099 (the "**Class F2 Combination Notes**" and, together with the Class F1 Combination Notes, the "**Combination Notes**" and, together with the Senior Notes, the Mezzanine Notes and the Subordinated Notes, the "**Notes**") of EUROMAX IV MBS S.A. (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer dated September 26, 2005. For the benefit of the Noteholders, the Issuer has entered into a trust agreement (as amended from time to time) (the "**Trust Agreement**") dated on or about the Closing Date with Deutsche Trustee Company Limited in its capacity as trustee (the "**Trustee**", which expression shall include all persons from time to time being the trustee or trustees under the Trust Agreement) for the Noteholders, the Couponholders and the Talonholders. Each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes are separately referred to herein as a "**Class**" (which term shall include the Combination Notes to the extent that the Combination Notes include Components of such Class of Notes) and with respect to the Class A1 Notes, any reference to a Class of Bearer Notes, shall be construed as a reference to the Class A1 Term Notes and the Class A1 Delayed Draw Notes while in bearer form and any reference to a Class of Registered Notes shall be construed as a reference to the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes while in registered form. References to the Class A1 Notes shall be construed as references to the Class A1 Term Notes, the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes taken together as a single class unless the context requires otherwise.

The expressions "**Class A1 Single Draw Notes**", "**Class A1 Delayed Draw Notes**", "**Class A1 Term Notes**", "**Class A2 Notes**", "**Class B Notes**", "**Class C Notes**", "**Class D Notes**", "**Subordinated Notes**" and "**Notes**" shall, unless the context otherwise requires, include any further Notes of the relevant Class issued pursuant to Condition 16.

The Trustee has for itself and for the benefit of the other Secured Parties, including the Agents, the Domiciliation Agent, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider, the Notes Placement Agent, the holders of the Class A1 Single Draw Notes (the "**Class A1 Single Draw Noteholders**"), the holders of the Class A1 Delayed Draw Notes (the "**Class A1 Delayed Draw Noteholders**"), the holders of the Class A1 Term Notes (the "**Class A1 Term Noteholders**" and, together with the Class A1 Single Draw Noteholders and the Class A1 Delayed Draw Noteholders, the "**Class A1 Noteholders**"), the holders of the Class A2 Notes (the "**Class A2 Noteholders**", and together with the Class A1 Noteholders, the "**Class A Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**" and, together with the Class A Noteholders, the "**Senior 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 C Noteholders, the "**Mezzanine Noteholders**"), the holders of the Subordinated Notes (the "**Subordinated Noteholders**"), the holders of the Class F1

Combination Notes (the "**Class F1 Combination Noteholders**") and the holders of the Class F2 Combination Notes (the "**Class F2 Combination Noteholders**", and together with the Class F1 Combination Noteholders, the "**Combination Noteholders**", and together with the Senior Noteholders, the Mezzanine Noteholders and the Subordinated Noteholders, the "**Noteholders**") and the Couponholders, the benefit of the security interests described below to secure sums due to each such party under the applicable Transaction Documents.

The Class F1 Combination Notes will be composed of 3 components: a Class C Component, a Class D Component and a Subordinated Component; the Class F2 Combination Notes will be composed of 2 components: a Class C Component and a Subordinated Component, each a "**Component**" and together the "**Components**".

The €3,000,000 in notional amount of the Class F1 Combination Notes will be comprised of: €600,000 aggregate principal amount of Class C Notes, €1,000,000 aggregate principal amount of Class D Notes and €1,400,000 aggregate principal amount of Subordinated Notes.

The €3,000,000 in notional amount of the Class F2 Combination Notes will be comprised of: €2,400,000 aggregate principal amount of Class C Notes and €600,000 aggregate principal amount of Subordinated Notes.

The principal amount Outstanding of each of the Components comprising each of the Combination Notes is included in (and is not in addition to) the respective Principal Amount Outstanding of the relevant Class of Notes to which such Component relates.

Save to the extent related to the issuance or transfer of the Combination Notes and except as otherwise provided in the Conditions, the Conditions applicable to the Combination Notes, including the terms on which amounts are due and payable in respect thereof and the rights of any holders thereof, are the same as the Conditions applicable to the Components of the Combination Notes to the extent of the principal amount Outstanding of the Components thereof. The interest payable on the Combination Notes is in respect of, and is not in addition to, amounts payable on the Components (if any).

The Components of the Combination Notes are not separately transferable. A holder may exchange all of its Combination Notes for proportional interests in the Classes of Notes to which the Components of such Combination Notes correspond, as described in Condition 2(h). A holder of Notes of the underlying Classes to which the Components of a Class of Combination Notes relate (including a holder that received such Notes upon exchange of the relevant Combination Notes for the relevant underlying Classes of Notes) will not have the right to exchange such Notes for such Combination Notes.

For the purposes of these Conditions, each Component of a Combination Note shall be deemed to be issued and outstanding whilst comprised in such Combination Note but without any double counting of the principal amount Outstanding of the relevant Combination Note in determining the Principal Amount Outstanding of the related Class.

1. Definitions

Terms used but not defined in these Conditions have the same meaning as in the Trust Agreement (attached as Annex C hereto), and to the extent not defined therein, the Collateral Management Agreement, including the Description of Portfolio and Hedge Agreement attached thereto (attached as Annex D hereto), and to the extent not defined therein, the Master Interpretation and Construction Schedule (Schedule 2 of the Trust Agreement), each of which forms an integral part of the Conditions.

"**Account(s)**" means any of the Interest Collection Account, the Principal Collection Account, the Expense Account, the Payment Account, the Initial Proceeds Account, the Subordinated Collateral Management Fee Account and the Liquidity Downgrade Drawing Account;

"**Account Bank**" means Deutsche Bank AG, London Branch, and any successor or substitute account bank appointed pursuant to the terms of the Agency Agreement;

"**Accountholder**" has the meaning given to that term in Condition 2(e);

"**Accrued Interest Unpaid Amount**" means, in respect of a Determination Date or a Single Draw Note Determination Date, (A) the aggregate amount of all interest on each Collateral Debt Security that has, since the last due date of payment for such Collateral Debt Security to (but excluding) such

Determination Date or Single Draw Note Determination Date, as the case may be, accrued but has not yet been paid on that Determination Date or Single Draw Note Determination Date, as the case may be, minus (B) the amount of any rated interest deferred or capitalised and not paid under a Deferred Interest PIK Security and/or any due amount not paid under a Defaulted Security on that Determination Date or Single Draw Note Determination Date, as the case may be;

"Administrative Expenses" means amounts due and payable (which shall be applied on a *pro rata* basis) (i) to the Agents pursuant to the Agency Agreement but excluding any fees payable to any of the Agents on the Closing Date and any amounts payable in respect of the Notes; (ii) to the Collateral Administrator pursuant to the Collateral Administration Agreement but excluding any fees payable to the Collateral Administrator on the Closing Date; (iii) to the independent accountants, independent tax representatives and counsel of the Issuer and any agents of the Issuer not expressly provided for in the definition of Agents; (iv) to any Rating Agency in connection with any rating or monitoring of the Rated Notes or in connection with any request to assign a confidential credit estimate to any of the Collateral Debt Securities, for its fees and expenses except any fees payable on the Closing Date; (v) to the Domiciliation Agent pursuant to the Domiciliation Agreement; (vi) to the Collateral Manager pursuant to the Collateral Management Agreement, but excluding any fees payable to the Collateral Manager on the Closing Date and any Collateral Management Fees; (vii) to the Investment Board Provider pursuant to the Investment Board Agreement, but excluding the Investment Board Fee payable thereunder; (viii) to each of the Class A1 Notes Purchasers under the Class A1 Notes Purchase Agreement, but excluding the Class A1 Single Draw Notes Commitment Fee, the Class A1 Delayed Draw Notes Commitment Fee and any interest payable on the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes; (ix) to any Person in respect of any governmental fee or charge (excluding, for the avoidance of doubt, any taxes payable to any tax authority); (x) any fees payable to any broker in consideration of brokerage services provided to the Issuer, the Investment Board Provider or the Collateral Manager, any loan settlement costs or any other reasonable or customary expenses in each case incurred in connection with the acquisition or disposal of a Collateral Debt Security or Eligible Investment; (xi) to any other Person in respect of any other fees or expenses permitted under these Conditions and the documents delivered pursuant to or in connection with the Notes or the sale thereof and any other fees or indemnities due under any Transaction Document or expenses incurred by the Issuer while performing its obligations under the Transaction Documents, in each case, including any value added tax due and payable in respect thereof;

"Administrative Expenses Cap" means an amount calculated for the twelve months period beginning as of 6 October 2005 and for each twelve months period thereafter beginning on the first anniversary thereof, and equal to the sum of €95,000 and the amount of any Administrative Expenses referred to in items (i), (ii) and (iv) of the definition of **Administrative Expenses** payable by the Issuer;

"Agency Agreement" means the agency agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Registrar, the Account Bank, the Calculation Agent and the Custodian;

"Agent" means each of the Paying Agents, the Listing Agent, the Registrar, the Calculation Agent, the Account Bank, and the Custodian, and any successor or substitute appointed in respect of each thereof pursuant to the terms of the Agency Agreement or the Listing Agent Appointment Agreement, as the case may be, and **"Agents"** shall be construed accordingly;

"Aggregate Class A1 Funded Amount" means, on any day, the sum of the aggregate Class A1 Funded Amount in respect of each Class A1 Term Note, the aggregate Class A1 Funded Amount in respect of each Class A1 Single Draw Note and the aggregate Class A1 Funded Amount in respect of each Class A1 Delayed Draw Note;

"Aggregate Principal Amount Outstanding" means, on any day, in respect of a Class of Notes, the aggregate of all Principal Amounts Outstanding of all Notes of that Class;

"Aggregate Principal Balance" means, in relation to the Collateral Debt Securities and/or the Eligible Investments, the aggregate of the Principal Balance of all the Collateral Debt Securities and/or Eligible Investments;

"Auction Call Date" means the Payment Date falling in October 2017;

"Auditor(s)" means Ernst & Young Luxembourg S.A., and any successor or substitute auditors

appointed by the Issuer from time to time;

"Auditor Engagement Letter" means the auditor engagement letter dated on or about the Closing Date between the Issuer and the Auditor;

"Authorised Officer" means (a) with respect to the Issuer, any Officer who is authorised to act for the Issuer in respect of a particular matter and whose acts are binding upon the Issuer with respect to such matter, and (b) with respect to the Collateral Administrator, any Officer or agent of the Collateral Administrator who is authorised to act for the Collateral Administrator in respect of a particular matter and whose acts are binding upon the Collateral Administrator with respect to such matter;

"Bearer Notes" means the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes, the Combination Notes and, from (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes;

"Board of Directors" means, in respect of an entity, the directors of such entity duly appointed and acting together;

"Business Day" has the meaning given to that term in Condition 7(e);

"Calculation Agent" means Deutsche Bank AG, London Branch, and any successor or substitute calculation agent appointed pursuant to the terms of the Agency Agreement;

"CDO" means CLO or CDO of MBS;

"CDO of MBS" means a security issued as part of a securitisation of a portfolio comprised of a majority of mortgage-backed assets;

"Certificate" has the meaning given to that term in Condition 2(e);

"Class A1 Consolidation Date" means the Ramp-Up Effective Date or, if such date is not a Payment Date, the following Payment Date;

"Class A1 Delayed Draw Notes Commitment" means, in respect of a Class A1 Delayed Draw Note from (and including) the Closing Date to (but excluding) the Ramp-Up Effective Date, an amount equal to €18,950,000; and at any time from (and including) the Ramp-Up Effective Date, the Class A1 Funded Amount in respect of such Class A1 Delayed Draw Note at that time;

"Class A1 Delayed Draw Notes Commitment Amount" means, in respect of a Class A1 Delayed Draw Note on any day, the excess (if any) of the Class A1 Delayed Draw Notes Commitment in respect of such Class A1 Delayed Draw Note over the Class A1 Funded Amount in respect of such Class A1 Delayed Draw Note on that day;

"Class A1 Delayed Draw Notes Commitment Fee" means, in respect of a Class A1 Delayed Draw Noteholder and a Funding Period, the fee payable in arrear to such Class A1 Delayed Draw Noteholder in respect of each Class A1 Delayed Draw Note held by it in accordance with the terms of the Class A1 Notes Purchase Agreement being, in respect of a Funding Period during which no Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Delayed Draw Noteholder, the amount accrued in respect of that Funding Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Delayed Draw Notes Commitment Amount during such Funding Period on the basis of the actual number of days in that Funding Period and a year of 360 days, and, in respect of a Funding Period during which a Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Delayed Draw Noteholder, zero;

"Class A1 Delayed Draw Notes Purchaser" means IXIS Corporate & Investment Bank, Cannon Bridge, 25 Dowgate Hill, EC4R 2GN London, United Kingdom;

"Class A1 Funded Amount" means (a) in respect of a Class A1 Term Note, the principal amount Outstanding of such Class A1 Term Note, (b) in respect of a Class A1 Single Draw Note (i) during the Reinvestment Period, the aggregate amount of the outstanding Funding in respect of such Class A1 Single Draw Note; and (ii) after the Reinvestment Period, the principal amount Outstanding of such Class A1 Single Draw Note, and (c) in respect of a Class A1 Delayed Draw Note (i) on or prior to the Ramp-Up Effective Date, the aggregate amount of each outstanding Funding in respect of such Class A1 Delayed Draw Note; and (ii) after the Ramp-Up Effective Date, the principal amount

Outstanding of such Class A1 Delayed Draw Note;

"**Class A1 Margin**" means 0.27 per cent. per annum;

"**Class A1 Notes Purchase Agreement**" means the Class A1 Notes Purchase Agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Class A1 Notes Purchasers and the Trustee;

"**Class A1 Notes Purchasers**" means the Class A1 Single Draw Notes Purchaser and the Class A1 Delayed Draw Notes Purchaser;

"**Class A1 Rate of Interest**" means, in respect of an Interest Period and the Class A1 Notes, the sum of EURIBOR for that Interest Period and the Class A1 Margin as determined pursuant to Condition 5(e);

"**Class A1 Single Draw Notes Commitment**" means, in respect of a Class A1 Single Draw Note at any time from (and including) the Closing Date to (but excluding) the Ramp-Up Effective Date, €0,000;

"**Class A1 Single Draw Notes Commitment Amount**" means, in respect of a Class A1 Single Draw Note on any day, (i) before the Funding with respect to the Class A1 Single Draw Note has been made, the excess of the Class A1 Single Draw Notes Commitment in respect of such Class A1 Single Draw Note over the Class A1 Funded Amount in respect of such Class A1 Single Draw Note on that day and (ii) after the Funding has been made with respect to the Class A1 Single Draw Note, zero;

"**Class A1 Single Draw Notes Commitment Fee**" means, in respect of a Class A1 Single Draw Noteholder and a Single Draw Note Interest Period, the fee payable in arrear to such Class A1 Single Draw Noteholder in respect of each Class A1 Single Draw Note held by it in accordance with the terms of the Class A1 Notes Purchase Agreement being, in respect of a Single Draw Note Interest Period during which no Single Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Single Draw Noteholder, the amount accrued in respect of that Single Draw Note Interest Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Single Draw Notes Commitment Amount during such Single Draw Note Interest Period on the basis of the actual number of days in that Single Draw Note Interest Period and a year of 360 days and, in respect of a Single Draw Note Interest Period during which a Single Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Single Draw Noteholder, zero;

"**Class A1 Single Draw Notes Purchaser**" means Canadian Imperial Bank of Commerce, London Branch, Cottons Centre, Cottons Lane, London SE1 2QL, United Kingdom;

"**Class A2 Margin**" means 0.45 per cent. per annum;

"**Class A2 Rate of Interest**" means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class A2 Margin as determined pursuant to Condition 5(e);

"**Class B Margin**" means 0.60 per cent. per annum;

"**Class B Rate of Interest**" means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class B Margin as determined pursuant to Condition 5(e);

"**Class C Component**" means each of (i) the relevant portion of the Class F1 Combination Note comprised of Class C Notes, which shall be the equivalent to €600,000 in original principal amount of Class C Notes; or (ii) the relevant portion of the Class F2 Combination Note comprised of Class C Notes, which shall be the equivalent to €2,400,000 in original principal amount of Class C Notes, as applicable;

"**Class C Coverage Tests**" means each of the Class C Interest Coverage Ratio Test and the Class C Overcollateralisation Ratio Test;

"**Class C Deferred Interest**" has the meaning given to that term in Condition 5(c)(i);

"**Class C Interest Coverage Ratio**" means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing:

- (a) the Interest Coverage Numerator in respect of the related Due Period by;
- (b) the sum of each amount referred to in paragraphs (E) to (H), (J) and (K) of the Interest Proceeds

Priority of Payments that has been paid or is payable on the Payment Date to which such Due Period relates;

"Class C Interest Coverage Ratio Test" means the test that shall be satisfied on any Measurement Date on which any Class C Note remains Outstanding if the Class C Interest Coverage Ratio on such Measurement Date is equal to or greater than 107 per cent.;

"Class C Margin" means 1.00 per cent. per annum;

"Class C Overcollateralisation Ratio" means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of each of the Class A2 Notes, the Class B Notes and Class C Notes;

"Class C Overcollateralisation Ratio Test" means the test that shall be satisfied on any Measurement Date on which any Class C Note remains Outstanding, if the Class C Overcollateralisation Ratio on such Measurement Date is equal to or greater than 105 per cent.;

"Class C Rate of Interest" means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class C Margin as determined pursuant to Condition 5(e);

"Class D Component" means each of the relevant portion of the Class F1 Combination Note comprised of Class D Notes, which shall be the equivalent to €1,000,000 in original principal amount of Class D Notes;

"Class D Coverage Tests" means each of the Class D Interest Coverage Ratio Test and the Class D Overcollateralisation Ratio Test;

"Class D Deferred Interest" has the meaning given to that term in Condition 5(c)(ii);

"Class D Interest Coverage Ratio" means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing:

- (a) the Interest Coverage Numerator in respect of the related Due Period by;
- (b) the sum of each amount referred to in paragraphs (E) to (H), (J), (K), (M) and (N) of the Interest Proceeds Priority of Payments that has been paid or is payable on the Payment Date to which the Due Period relates;

"Class D Interest Coverage Ratio Test" means the test that shall be satisfied on any Measurement Date on which any Class D Note remains Outstanding if the Class D Interest Coverage Ratio on such Measurement Date is equal to or greater than 108 per cent.;

"Class D Margin" means 2.05 per cent. per annum;

"Class D Overcollateralisation Ratio" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of each of the Class A2 Notes, the Class B Notes, Class C Notes and Class D Notes;

"Class D Overcollateralisation Ratio Test" means the test that shall be satisfied on any Measurement Date on which any Class D Note remains Outstanding, if the Class D Overcollateralisation Ratio on such Measurement Date is equal to or greater than 103 per cent.;

"Class D Rate of Interest" means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class D Margin as determined pursuant to Condition 5(e);

"Class F1 Combination Notes Interest Receipts" has the meaning given to that term in Condition 3(b)(iii).

"Class F1 Combination Notes Nominal Amount" means, on any Payment Date, €3,000,000 less the sum of all amounts paid on all previous Payment Dates in accordance with Condition 3(b)(iii)(a)(A) and Condition 3(b)(vii)(a)(A);

"Class F1 Combination Notes Nominal Amount Outstanding" means, as of the Closing Date, the aggregate of the principal amount Outstanding of the respective Components of the Class F1

Combination Notes and thereafter such amount as reduced on each Payment Date in accordance with Condition 3(b)(iii)(a)(A), Condition 3(b)(vii)(a)(A) and Condition 3(b)(vii)(a)(B);

"**Class F1 Combination Notes Principal Receipts**" has the meaning given to that term in Condition 3(b)(vii).

"**Class F2 Combination Notes Interest Receipts**" has the meaning given to that term in Condition 3(b)(iv).

"**Class F2 Combination Notes Nominal Amount**" means, on any Payment Date, €3,000,000 less the sum of all amounts paid on all previous Payment Dates in accordance with Condition 3(b)(iv)(a)(A) and Condition 3(b)(viii)(a)(A);

"**Class F2 Combination Notes Nominal Amount Outstanding**" means, as of the Closing Date, the aggregate of the principal amount Outstanding of the respective Components of the Class F2 Combination Note and thereafter such amount, as reduced on each Payment Date in accordance with Condition 3(b)(iv)(a)(A), Condition 3(b)(viii)(a)(A) and Condition 3(b)(viii)(a)(B);

"**Class F2 Combination Notes Principal Receipts**" has the meaning given to that term in Condition 3(b)(viii).

"**Clearing System**" means, where the context admits, any or all of Euroclear and Clearstream, Luxembourg and any other clearing system approved by the Issuer, the Trustee, the Custodian, the Principal Paying Agent, the Collateral Manager, the Investment Board and the Collateral Administrator;

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

"**CLO**" means a security issued as part of a securitisation of a portfolio consisting primarily of loans;

"**Closing Date**" means 6 October 2005, or such other date as agreed between the Issuer and the Notes Placement Agent;

"**Collateral Acquisition Agreement**" means the collateral acquisition agreement dated on or prior to the Closing Date, as amended from time to time, between the Issuer and the Seller;

"**Collateral Administration Agreement**" means the collateral administration agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Collateral Administrator, the Custodian, the Trustee, the Collateral Manager and the Account Bank;

"**Collateral Administrator**" means Deutsche Bank AG, London Branch, as collateral administrator, and any successor or substitute collateral administrator appointed pursuant to the terms of the Collateral Administration Agreement;

"**Collateral Debt Security**" means any security which is included in the Portfolio and satisfies the Eligibility Criteria under Provision 3 of the Portfolio Provisions at the time of its acquisition by the Issuer, provided that for the purposes of the grant of the security interests to the Trustee pursuant to the Trust Agreement and any Security Agreement, the term Collateral Debt Security shall include all securities referred to therein regardless of whether such securities satisfied the Eligibility Criteria. For the avoidance of doubt, the failure of any such security to satisfy the Eligibility Criteria under Provision 3 of the Portfolio Provisions at any time after the acquisition thereof by the Issuer shall not cause such security to cease to be a Collateral Debt Security;

"**Collateral Interest Rate Swap**" means each interest rate swap transaction entered into by the Issuer with the Hedge Counterparty under the Hedge Agreement which shall be entered into in accordance with the requirements set out in Provision 8 of the Portfolio Provisions;

"**Collateral Management Agreement**" means the collateral management agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Trustee and the Collateral Manager;

"**Collateral Management Fee**" means the Senior Collateral Management Fee and the Subordinated Collateral Management Fee;

"**Collateral Manager**" means Collineo Asset Management GmbH, and any successor or substitute collateral manager appointed pursuant to the terms of the Collateral Management Agreement;

"Collateral Quality Tests" means the Weighted Average Fitch Rating Factor Test, the Weighted Average S&P Recovery Rate Test, the Weighted Average Fitch Recovery Rate Test, the Weighted Average Spread Test, the Standard & Poor's CDO Monitor Test and the Weighted Average Life Test;

"Collateral Tax Event" has the meaning given to that term in Condition 6(h);

"Combination Notes Nominal Amount Outstanding" means, in respect of the Class F1 Combination Notes, the Class F1 Combination Notes Nominal Amount Outstanding and in respect of the Class F2 Combination Notes, the Class F2 Combination Notes Nominal Amount Outstanding;

"Common Depository" means Deutsche Bank AG, London Branch as common depository for Euroclear and Clearstream, Luxembourg;

"Component" means each of the Class C Component, the Class D Component and the Subordinated Component;

"Controlling Class" means the Class A1 Notes or, following the redemption and payment in full of the Class A1 Notes, the Class A2 Notes or, following the redemption and payment in full of the Class A Notes, the Class B Notes, or following the redemption and payment in full of the Senior Notes, the Class C Notes, or following the redemption and payment in full of the Senior Notes and the Class C Notes, the Class D Notes, or following the redemption and payment in full of the Senior Notes and the Mezzanine Notes, the Subordinated Notes, (including in the case of the Class C Notes, the Class D Notes and the Subordinated Notes, the respective Components representing such Class);

"Couponholders" means the holders from time to time of the Coupons;

"Coupons" means the bearer interest coupons with regard to each Definitive Bearer Note for the time being outstanding or, where the context so requires, a specific number of them and includes (where applicable) the Talons in respect of such Coupons;

"Coupon Sheet" has the meaning given to that term in Condition 7(h);

"Coverage Tests" means each of the tests set out in Provision 7 of the Portfolio Provisions;

"Custodian" means Deutsche Bank AG, London Branch, and any successor or substitute custodian appointed pursuant to the terms of the Agency Agreement;

"Custody Account" means the account established by the Custodian in the name of the Issuer for the purposes of holding the Mortgaged Property capable of deposit in such an account in custody under the terms of the Agency Agreement;

"Defaulted Security" means, as of any date of determination, any Collateral Debt Security or, as the context requires, any other security included in the Portfolio or any security which the Issuer may purchase as to which:

- (a) there has occurred and is continuing (i) a default with respect to the payment of principal thereof or interest thereon after giving effect to the passage of any applicable notice or grace period; provided that no such default shall be deemed to have occurred if the Collateral Manager certifies to the Trustee in writing that the related obligor has made payment on such security, but due to a systems failure or error on the part of the related obligor or paying agent, such payment was not forwarded to the holder of such security, or (ii) a default with respect to such security which in the reasonable judgement of the Collateral Manager may result in a default described in sub-paragraph (i) above;
- (b) if it ranks *pari passu* with, or subordinate to, Other Indebtedness of the related obligor, there has occurred and is continuing a default with respect to the payment of principal of or interest on any such Other Indebtedness; provided that no such default shall be deemed to have occurred (i) prior to the passage of any applicable notice or grace period, or (ii) if current interest payments on such Other Indebtedness have resumed in cash, or (iii) if a Rating Agency Confirmation is obtained with respect to such default;
- (c) there has occurred or been initiated any bankruptcy, insolvency, receivership or similar event in connection with the obligor of such Collateral Debt Security or security, or there has been proposed or effected any distressed exchange or other debt restructuring where the obligor of such Collateral Debt Security or security has offered the holders of such Collateral Debt

Security or security a new security or package of securities that, in the reasonable judgement of the Collateral Manager, either (i) amounts to a diminished financial obligation, or (ii) has the purpose of helping the obligor to avoid default; or

- (d) a public rating of "D" or "SD" by S&P or "D" by Fitch or, if an asset is not rated by either S&P or Fitch, "Ca" or "C" by Moody's has been accorded;

"Deferred Interest PIK Security " means a PIK Security with respect to which rated interest has been deferred or capitalised (either in part or in whole) for (i) where such PIK Security is rated "BBB–" or above by S&P or "BBB–" or above by Fitch or, if an asset is not rated by either S&P or Fitch, "Baa3" or above by Moody's, two consecutive payment dates, or (ii) where such PIK Security is rated "BB+" or below by S&P or "BB+" or below by Fitch, or if an asset is not rated by either S&P or Fitch, "Ba1" or below by Moody's, three months; provided that, any such PIK Security shall remain a Deferred Interest PIK Security only until such time as payment of rated interest on such PIK Security has resumed and all deferred or capitalised interest has been paid in accordance with the terms of such PIK Security;

"Definitive Bearer Note" means, in respect of each Class of Bearer Notes, each bearer note issued or to be issued in definitive form for that Class of Bearer Notes;

"Delayed Draw Note Funding Event of Default" means, in respect of a Class A1 Delayed Draw Noteholder, the failure of such Class A1 Delayed Draw Noteholder to make available a Funding in respect of the Class A1 Delayed Draw Notes held by such Class A1 Delayed Draw Noteholder in accordance with the terms of a Funding Request;

"Delayed Draw Note Rate of Interest" means, in respect of a Funding Period, the sum of EURIBOR for that Funding Period and the Class A1 Margin as determined pursuant to Condition 5(e);

"Delayed Draw Notes Final Funding Date" means the date falling 50 days prior to the Payment Date falling in October 2006 or, if such date is not a Business Day, the Business Day preceding such date;

"Determination Date" means the last day of each Due Period;

"Directors" means the persons who are appointed as directors of the Issuer from time to time;

"Domiciliation Agent" means Luxembourg International Consulting S.A., and any successor or substitute domiciliation agent appointed pursuant to the terms of the Domiciliation Agreement;

"Domiciliation Agreement" means the agreement on the rendering of certain corporate services dated on or about the Closing Date, as amended from time to time, between the Issuer, the Domiciliation Agent and the Trustee;

"Due Period" means, with respect to any Payment Date, the period from (but excluding) the fifth Business Day prior to the preceding Payment Date (or, the Closing Date, in the case of the Due Period relating to the first Payment Date) to (and including) the fifth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date relating to the Stated Maturity (or, if earlier, the Redemption Date) of any Note, such Payment Date);

"Eligibility Criteria" has the meaning given to that term in Provision 3 of the Portfolio Provisions;

"Eligible Currency" means the currencies of Australia, Austria, Belgium, Canada, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United States of America or the United Kingdom provided that such country has been assigned a foreign currency issuer credit rating of "AAA" by S&P and "AAA" by Fitch;

"Eligible Investments" include any euro denominated security or asset that matures and is one or more of the following securities or assets:

- (a) cash deposited with an institution rated at least "A-1+" or "AAA" by S&P and "F-1+" by Fitch;
- (b) direct obligations of, and obligations the timely payment of principal of and interest on which is fully and expressly guaranteed by, a Qualifying Foreign Country or any agency or instrumentality of a Qualifying Foreign Country the obligations of which are expressly backed by the full faith and credit of a Qualifying Foreign Country;
- (c) demand and time deposits in certificates of deposit of, or bankers' acceptances payable within

183 days of issuance by, any depository institution or trust company incorporated under the laws of a Qualifying Foreign Country and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of not less than "F-1+" by Fitch and "A-1+" or "AAA" by S&P;

- (d) unleveraged repurchase obligations with respect to (i) any security described in clause (b) above, or (ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Foreign Country (in each case without regard to the stated maturity of such security), in either case entered into with a depository institution or trust company (acting as principal) described in clause (c) above or entered into with a corporation (acting as principal) whose long-term credit rating is not less than "AA-" by Fitch and "AAA" by S&P or whose short-term credit rating is not less than "F-1+" by Fitch and "A-1+" by S&P;
- (e) debt securities (other than mortgage-backed securities) bearing interest or sold at a discount issued by any corporation incorporated under the laws of a Qualifying Foreign Country or any state thereof that have a credit rating of not less than "AA-" by Fitch and "A-1+" or "AAA" by S&P;
- (f) commercial paper or other short-term obligations with a maturity of not more than 183 days from the date of issuance and having at the time of such investment a short term credit rating of "F-1+" by Fitch and "A-1+" or "AAA" by S&P;
- (g) reinvestment agreements issued by any bank (if treated as a deposit by such bank) or reinvestment agreements issued by any insurance company or other corporation or entity organised under the laws of a Qualifying Foreign Country (if treated by the issuer thereof as debt for tax purposes), in each case, the issuer of which has a short-term credit rating of not less than "F-1+" by Fitch and "A-1+" or "AAA" by S&P; and
- (h) any money market fund or similar investment vehicle having at the time of investment therein a rating assigned by Fitch of at least "AAA" and "V1+" and by S&P of at least "AAA", provided that if such fund is not rated by Fitch, the lower of the Moody's and S&P rating has to be the equivalent of at least "AAA" and "V1+" by Fitch,

provided that (x) the mere ownership of any such investment described in paragraphs (a) to (h) above will not subject the Issuer to net income tax in any jurisdiction where it would not otherwise be subject to tax, (y) no amount earned by the Issuer with respect to such investment will be subject to withholding tax, and (z) no payments of stamp duty, transfer taxes or registration taxes will be imposed in connection with the acquisition of such security by the Issuer and, in each case, the Eligible Investment shall have a stated maturity (giving effect to any applicable grace period) (i) no later than the Business Day immediately preceding the Determination Date of the Due Period in which the date of investment occurs, or (ii) in the case of Eligible Investments representing amounts required to be disbursed in accordance with Condition 3(b) on a Single Draw Note Payment Date, no later than the Business Day immediately preceding the relevant Single Draw Note Determination Date. Eligible Investments may not include any interest-only security, any security purchased at a price in excess of 100 per cent. of the par value thereof or any security the repayment of which is subject to material non-credit related risk as determined in the sole judgement of the Collateral Manager and, provided further that, in the case of commercial paper, short-term debt obligations or securities with a maturity of longer than 91 days, the issuer thereof must also have at the time of such investment a long-term credit rating of not less than "AA-" by Fitch and "AAA" by S&P;

"Enforcement Notice" has the meaning given to that term in Condition 9(b)(i);

"Enforcement Priority of Payments" has the meaning given to that term in Clause 4.4 of the Trust Agreement;

"English Security Deed" means the document dated on or about the Closing Date, as amended from time to time, providing for security in favour of the Trustee of (aa) the cash and securities held by the Custodian on behalf of the Issuer in the Custody Account from time to time, including, in particular the Collateral Debt Securities and the Eligible Investments held by the Issuer on any date, (bb) the

Issuer's rights in respect of the Hedge Agreement and the Collateral Acquisition Agreement and (cc) all present and future rights in respect of any cash amount standing to the credit of each Account and the debt represented by it, in each case, as security for the Secured Obligations;

"EURIBOR" means (i) with respect to an Interest Determination Date or a Single Draw Note Determination Date, the rate determined in accordance with paragraphs (A), (B), (C) or (D), as the case may be, of Condition 5(e)(i) and (ii) with respect to a Measurement Date or any other date on which EURIBOR shall be determined:

- (A) the EURIBOR rate for euro deposits of the relevant period for which such rate shall be determined as at 11.00 am (Brussels time) on such date (as determined by the Calculation Agent). Such offered rate will be that which appears on the display designated as page 248 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying EURIBOR rates); and
- (B) if the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (A) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro-zone interbank market acting in each case through its London office (the **"Reference Banks"**) to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Euro-zone interbank market for the relevant period as at 11.00 am (Brussels time) on the Measurement Date or other date on which the determination shall be made, as applicable, in question and shall calculate the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided) for the relevant period; and
- (C) if on any Measurement Date or other date on which the determination shall be made, as applicable, one only or none of the Reference Banks provides such quotation, the Calculation Agent shall determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the euro lending rates which a further three major banks in the Euro-zone selected by the Calculation Agent are quoting, on the relevant Measurement Date or other date on which the determination shall be made, as applicable, for loans in euro for the relevant period for which such rate shall be determined to leading European banks.

"Euroclear" means Euroclear Bank S.A/N.V as operator of the Euroclear System;

"Event of Default" has the meaning given to that term in Condition 9(a);

"Event of Default Overcollateralisation Ratio" means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of the Class A2 Notes;

"Exchange Date" means, with respect to a Bearer Note, the date not earlier than 40 calendar days after the date of issue of the Temporary Global Bearer Notes on which the Temporary Global Bearer Notes shall be exchanged for the Permanent Global Bearer Notes;

"Exchange Event" has the meaning given to that term in Condition 2(g);

"Expense Account" means the account designated the Expense Account with the Account Bank and established in the name of the Issuer with account number 0266955 0000 EUR 003 CTA and any replacement account for such account, provided that such account shall always be held outside Germany;

"Extraordinary Resolution" means, in relation to any Class of Noteholders, (i) a resolution passed at a meeting of such Class of Noteholders duly convened and held in accordance with the Trust Agreement by a majority of at least the Relevant Percentage of the votes cast, or (ii) a resolution in writing signed by or on behalf of Noteholders of such Class holding in the aggregate not less than the

Relevant Percentage of the Aggregate Principal Amount Outstanding of the Notes of such Class for the time being Outstanding;

"Final Payment Date" means the Redemption Date for the final Class of Notes Outstanding;

"Fitch" means Fitch Ratings Ltd. or any successor thereto;

"Funding" means, in relation to each Class A1 Single Draw Note or each Class A1 Delayed Draw Note, as the case may be, each separate amount made available to the Issuer at any time (but excluding any amount in respect of which a Funding Request has been made but which has not yet been received by the Class A1 Single Draw Noteholder or the Class A1 Delayed Draw Noteholder, as the case may be) by the Class A1 Single Draw Noteholder in respect of such Class A1 Single Draw Note or the Class A1 Delayed Draw Noteholder in respect of such Class A1 Delayed Draw Note, as the case may be, subject to and in accordance with the terms of the Class A1 Notes Purchase Agreement or a Transfer Agreement, as applicable, to the extent not repaid subject to and in accordance with the relevant Priorities of Payment;

"Funding Date" means the day on which a Funding is made available to the Issuer in accordance with the Class A1 Notes Purchase Agreement or a Transfer Agreement, as applicable;

"Funding Period" means, in respect of a Funding relating to a Class A1 Delayed Draw Note up to (but excluding) the Class A1 Consolidation Date, each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Funding Period shall be the period from (and including) the Funding Date relating to that Funding to (but excluding) the next following Payment Date and the last Funding Period shall end on (but exclude) the Class A1 Consolidation Date or the Redemption Date in respect of that Class A1 Delayed Draw Note (if earlier);

"Funding Request" means, in relation to the Class A1 Single Draw Notes or the Class A1 Delayed Draw Notes, a request made by the Collateral Administrator (on behalf of the Issuer), acting upon the instruction of the Investment Board (on the Issuer's behalf) based upon the advice of the Collateral Manager, to the Class A1 Single Draw Noteholder or the Class A1 Delayed Draw Noteholder, as the case may be, in the form set out in Schedule 1 to the Class A1 Notes Purchase Agreement, to make a Funding available to the Issuer in respect of each Class A1 Single Draw Note or each Class A1 Delayed Draw Note, as the case may be, subject to and in accordance with the terms of the Class A1 Notes Purchase Agreement or a Transfer Agreement, as applicable;

"Global Bearer Notes" means the Temporary Global Bearer Notes and the Permanent Global Bearer Notes for each Class of Bearer Notes or, where the context so requires, any of them;

"Hedge Agreement" means the agreement in the form of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) (as published by ISDA (including the schedule thereto)), as amended and supplemented from time to time by each transaction confirmation which will supplement and form part of each Collateral Interest Rate Swap together with any credit support deed relating thereto, in each case, between the Issuer and the Hedge Counterparty;

"Hedge Counterparty" means Canadian Imperial Bank of Commerce, and any substitute counterparty appointed pursuant to Portfolio Provision 8(e) and the terms of the Hedge Agreement;

"Initial Proceeds Account" means the account designated the Initial Proceeds Account with the Account Bank and established in the name of the Issuer with account number 0266955 0000 EUR 004 CTA and any replacement account for such account, provided that such account shall always be held outside Germany;

"Insolvency Official" means, in respect of any company, a liquidator, provisional liquidator, examiner, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

"Insolvency Proceedings" means the winding-up, dissolution, company voluntary arrangement, examinership or administration of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on

business including the seeking of liquidation, winding-up, reorganisation, dissolution, examinership, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official;

"Interest Amount" means, on each Payment Date or Single Draw Note Payment Date, as the case may be, the amount of interest payable in respect of the Notes of any Class or any Funding in respect thereof indicated for any Interest Period, Single Draw Note Interest Period or Funding Period, as the case may be, being:

- (a) in the case of each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes or any Funding in respect thereof, as the case may be, the amount calculated by the Calculation Agent as soon as practicable after 11.00 a.m. (London time) on the relevant Interest Determination Date in accordance with Condition 5(e)(ii); and
- (b) in the case of the Subordinated Notes, the amount calculated as provided in Condition 5(f);

"Interest Collection Account" means the account designated the Interest Collection Account with the Account Bank and established in the name of the Issuer with account number 0266955 0000 EUR 000 CTA and any replacement account for such account, provided that such account shall always be held outside Germany;

"Interest Coverage Numerator" means, on any Measurement Date:

- (a) the scheduled interest payments that would be due and payable but have not yet been received (regardless of whether the due date for such interest payments has yet occurred) in the Due Period to which such Payment Date relates (irrespective of whether the Measurement Date occurs prior to or after the Determination Date ending such Due Period) on the Collateral Debt Securities and the balances standing to the credit of the Accounts, but excluding:
 - (i) accrued and unpaid interest on Defaulted Securities (as determined on such Measurement Date);
 - (ii) interest on any Collateral Debt Security to the extent that such Collateral Debt Security (including, for the avoidance of doubt, a Deferred Interest PIK Security) does not provide for the scheduled payment of interest in cash;
 - (iii) any amounts expected to be withheld at source or otherwise deducted in respect of taxes; and
 - (iv) any scheduled interest payments as to which the Issuer or the Collateral Manager or the Custodian has actual knowledge that such payment will not be made; plus
- (b)
 - (i) any receipts from Collateral Interest Rate Swaps due and payable but not yet paid to the Issuer (including, for the avoidance of doubt, all receipts from Collateral Interest Rate Swaps payable to the Issuer at any time following each Determination Date during the related Interest Period ending on the next following Payment Date); and
 - (ii) any scheduled interest payments receivable with respect to any Eligible Investments (in each case regardless of whether the scheduled date for payment has yet occurred) in the Due Period in which such Measurement Date falls, but excluding, in the case of subparagraphs (b)(i), (b)(ii) and/or (b)(iii) above, any such payments as to which the Issuer, the Custodian or the Collateral Manager has actual knowledge that such payment will not be made; and, plus
- (c) the amount that can be drawn under the Liquidity Facility Agreement after taking into account any drawn balance currently outstanding.

minus

- (x) any payments under Collateral Interest Rate Swaps payable by the Issuer on or before the following Payment Date; and
- (y) the sum for the related Interest Period of amounts due and payable pursuant to paragraphs (A) to (D) inclusive of Condition 3(b)(i) (*Application of Interest Proceeds on Payment Dates*).

"Interest Determination Date" means, in respect of an Interest Period, the second TARGET Day

before the beginning of that Interest Period; in respect of a Single Draw Note Interest Period, the second TARGET Day before the beginning of that Single Draw Note Interest Period; and, in respect of a Funding Period, the second TARGET Day before the beginning of that Funding Period;

"Interest Diversion Ratio" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of each of the Class A2 Notes, the Class B Notes, Class C Notes and Class D Notes;

"Interest Diversion Test" means the test that shall be satisfied on any Measurement Date if the Interest Diversion Ratio on such Measurement Date is equal to or greater than 103.5 per cent.;

"Interest Period" means, in respect of a Note, each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Interest Period shall be the period from (and including) (a) in respect of a Note other than a Class A1 Delayed Draw Note or a Class A1 Single Draw Note, the Closing Date, (b) in the case of a Class A1 Single Draw Note, the last day of the Reinvestment Period, and (c) in the case of a Class A1 Delayed Draw Note, the Class A1 Consolidation Date and the last Interest Period shall end on (but exclude) the earlier of the Stated Maturity or the Redemption Date, in each case, in respect of that Note;

"Interest Proceeds" means, with respect to any Due Period, the sum (without duplication) of (1) all payments of interest (including, for the avoidance of doubt, deferred interest received on securities which are not Non-Performing Securities) received in cash by the Issuer during the related Due Period on the Collateral Debt Securities and Eligible Investments (other than any interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds, interest on Non-Performing Securities); (2) all accrued interest received in cash by the Issuer during the related Due Period with respect to Collateral Debt Securities or Eligible Investments sold by the Issuer (other than any interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds, interest on Non-Performing Securities); (3) all payments of interest on amounts on deposit in the Accounts (other than the Subordinated Collateral Management Fee Account and the Liquidity Downgrade Drawing Account); (4) all payments of principal received in cash by the Issuer during the related Due Period on Eligible Investments to the extent such Eligible Investments were acquired with Interest Proceeds; (5) if the Issuer has entered into a Collateral Interest Rate Swap, all net amounts, if any, payable to the Issuer by the Hedge Counterparty under such a Collateral Interest Rate Swap on or prior to the Determination Date falling at the end of such Due Period (other than amounts described in clause (7) of the definition of Principal Proceeds); (6) if the Interest Diversion Test is not satisfied, any Interest Proceeds deposited in the Principal Collection Account to be used for the purchase of additional Collateral Debt Securities in accordance with Condition 3(b)(i)(T); (7) all payments of interest and principal received in cash by the Issuer during the related Due Period on any Collateral Debt Security with a rating by Moody's, S&P or Fitch which addresses return of principal only, if the sum of cash received by the Issuer since acquiring such Collateral Debt Security exceeds its original Principal Balance; (8) all payments by the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement relating to benefits of a tax credit or tax allowance; and, provided that, in no event shall Interest Proceeds include (i) the €1,000 paid by the shareholders of the Issuer to the Issuer and representing the share capital of the Issuer and (ii) any distributions received in cash by the Issuer in respect of any Non-Performing Security;

"Interest Proceeds Distribution Amount" has the meaning given to that term in Condition 3(b)(i);

"Interest Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(i);

"Investment Board" means an investment board appointed by the Investment Board Provider in accordance with the terms of the Investment Board Agreement that will take the decision to purchase and sell Collateral Debt Securities and Eligible Investments, make decisions regarding hedging arrangements and certain other decisions on behalf of the Issuer;

"Investment Board Agreement" means the investment board agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Investment Board Provider, the Collateral Manager and the Trustee;

"Investment Board Fee" means the fee payable by the Issuer to the Investment Board Provider in accordance with the Investment Board Agreement and these Conditions;

"Investment Board Provider" means Hypo Real Estate Bank International, and any successor or substitute investment board provider appointed pursuant to the terms of the Investment Board Agreement;

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended;

"Ireland" means the Republic of Ireland;

"Irish Paying Agent" means Deutsche International Corporate Services (Ireland) Limited as paying agent in Ireland, and any successor or substitute Irish paying agent appointed pursuant to the terms of the Agency Agreement;

"Irish Stock Exchange" means the Irish Stock Exchange Limited;

"ISDA" means the International Swaps and Derivatives Association, Inc;

"Junior Class of Covered Notes" means:

- (a) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is greater than the Aggregate Principal Amount Outstanding less the Principal Amount Outstanding of the Subordinated Notes, the Subordinated Notes;
- (b) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is less than or equal to the Aggregate Principal Amount Outstanding less the Principal Amount Outstanding of the Subordinated Notes, but greater than the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes and the Class D Notes, the Class D Notes;
- (c) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is less than the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes and the Class D Notes, but greater than or equal to the Aggregate Principal Amount Outstanding less aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes and the Class C Notes, the Class C Notes;
- (d) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is less than the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes and the Class C Notes, but greater than or equal to the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes, the Class C Notes and the Class B Notes, the Class B Notes;
- (e) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is less than the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes, the Class C Notes and the Class B Notes, but greater than or equal to the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A2 Notes, the Class A2 Notes;
- (f) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is less than the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A2 Notes, but greater than or equal to the Aggregate Principal Amount Outstanding less the aggregate of the Principal Amount Outstanding of each of the Subordinated Notes, the Class D Notes, the Class C Notes, the Class B Notes, the Class A2 Notes and the Class A1 Notes, the Class A1 Notes;

"Liquidity Accrued Interest Drawing" means an advance made to the Issuer pursuant to the Liquidity Facility Agreement in respect of an Accrued Interest Unpaid Amount on the relevant Payment Date or Single Draw Note Payment Date, as the case may be;

"Liquidity Asset Purchase Drawing" means any advance made to the Issuer pursuant to the Liquidity Facility Agreement for the purpose of purchasing a Collateral Debt Security;

"Liquidity Downgrade Drawing" means a drawing made under the Liquidity Facility Agreement and required under the terms of the Liquidity Facility Agreement to be deposited to the Liquidity Downgrade Drawing Account;

"Liquidity Downgrade Drawing Account" means an account opened in the name of the Issuer with the Account Bank for the deposit of a Liquidity Downgrade Drawing, provided that such account shall always be held outside Germany;

"Liquidity Drawing" means any of a Liquidity Accrued Interest Drawing, a Liquidity Asset Purchase Drawing and/or a Liquidity PIK Drawing, as the case may be;

"Liquidity Facility Agreement" means the liquidity facility agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Liquidity Facility Provider, the Trustee and the Collateral Administrator;

"Liquidity Facility Provider" means Canadian Imperial Bank of Commerce, and any successor or substitute liquidity facility provider appointed pursuant to the terms of the Liquidity Facility Agreement;

"Liquidity PIK Drawing" means an advance made to the Issuer pursuant to the Liquidity Facility Agreement in respect of any interest accrued and payable on any Collateral Debt Security that has been deferred and capitalised in accordance with the terms thereof less any Liquidity PIK Drawing received on the preceding Payment Dates in respect of the same Collateral Debt Security;

"Listing Agent" means Deutsche Bank Luxembourg S.A., and any successor or substitute listing agent;

"Listing Agent Appointment Agreement" means the agreement between the Issuer and the Listing Agent relating to services with respect to the listing of the Notes on the regulated market of the Irish Stock Exchange.

"Lowest Recovery Rate" means, in relation to a Collateral Debt Security falling in (b)(aa)(v) of the definition of Net Portfolio Collateral Balance, the Recovery Rate to the relevant "BBB" liability rating assigned by the Rating Agency whose rating of such Collateral Debt Security caused the latter to be included in (b)(aa)(v) of the definition of Net Portfolio Collateral Balance and, if more than one Rating Agency's rating would have such effect, the lowest Recovery Rate to the relevant "BBB" liability rating assigned by such Rating Agencies to the relevant Collateral Debt Security;

"Luxembourg" means the Grand Duchy of Luxembourg;

"Majority" means with respect to the Notes or any Class thereof, the holders of more than 50 per cent. of the Aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (including the holders of the relevant Components of the Combination Notes, as applicable), as the case may be;

"Market Value" means in respect of a Collateral Debt Security, the mid-market value of such Collateral Debt Security (excluding accrued interest) as determined by the Collateral Manager after requesting at least two indicative bid and offer valuations from market participants, provided however that (i) if at least two valuations are obtained, the mid-market value shall be the average of such valuations, (ii) if only one valuation is obtained, the mid-market value shall be such valuation, and (iii) if no such valuation is obtained, the Collateral Manager shall determine such mid-market value in good faith and in a commercially reasonable manner;

"Measurement Date" means each of the following: (i) any date on which the Issuer acquires or disposes of any Collateral Debt Security (provided that such date falls after the date on which the first Monthly Report is delivered), (ii) any date on which a Collateral Debt Security becomes a Defaulted Security, (iii) each date as of which a Monthly Report is prepared by the Collateral Administrator under the Collateral Administration Agreement, (iv) each Determination Date, (v) each Single Draw Note Determination Date, (vi) each date on which a request for a Liquidity Drawing is made, (vii) each date on which a Funding Request is made, (viii) each date in respect of which the Senior Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test or the Class D Overcollateralisation Ratio Test, is to be recalculated pursuant to Condition 6(b), and (ix) with

reasonable notice to the Issuer, the Collateral Administrator and the Trustee, any other Business Day that any holder or holders of Notes representing more than the Majority of the Aggregate Principal Amount Outstanding of any Class of Notes (including the holders of the relevant Components of the Combination Notes, as applicable) requests be a Measurement Date; provided that, if any such date would otherwise fall on a day that is not a Business Day, the relevant Measurement Date will be the first following day that is a Business Day;

"Monthly Report" means, in respect of each calendar month, commencing November 2005, a monthly report compiled by the Collateral Administrator and provided by it to the Issuer, the Rating Agencies, the Trustee, the Investment Board, the Collateral Manager, the Hedge Counterparty, the Liquidity Facility Provider and the Agents, determined as of the Monthly Report Fixing Date;

"Monthly Report Fixing Date" means each 6th day of the month or if such day is not a Business Day, the following Business Day, or, in the case of any month prior to the one in which a Payment Date or Single Draw Note Payment Date falls, the relevant Determination Date or Single Draw Note Determination Date, as the case may be;

"Moody's" means Moody's Investors Service, Inc. and any successor thereto;

"Mortgaged Property" has the meaning given to that term in Condition 4(a);

"Net Portfolio Collateral Balance" means:

- (a) for the purpose of calculating the Interest Diversion Ratio, on any Measurement Date, without duplication, an amount equal to the sum of:
 - (aa) the Aggregate Principal Balance of Collateral Debt Securities (excluding (i) any Collateral Debt Security that is a Defaulted Security or a Deferred Interest PIK Security or a Collateral Debt Security that is on such Measurement Date having the interest thereon deferred or any Collateral Debt Security that the Collateral Manager reasonably believes is a Defaulted Security or a Deferred Interest PIK Security, (ii) the portion of the Principal Balance of each Collateral Debt Security which is expected to be payable after the Stated Maturity of the Class A Notes, (iii) any PIK Security that fails the overcollateralisation ratio test expressly applicable to such PIK Security under the Underlying Instrument therefor at the time of purchase, (iv) any Collateral Debt Security whose purchase price was less than 90 per cent. of par, (v) any Collateral Debt Security publicly rated "BB+" or below but above "B+" by S&P or "BB+" or below but above "B+" by Fitch or, if not rated by S&P or Fitch, publicly rated "Ba1" or below but above "B1" by Moody's; (vi) any Collateral Debt Security publicly rated "B+" or below but above "CCC+" by S&P or below "B+" or below but above "CCC+" by Fitch or, if not rated by S&P or Fitch, publicly rated "B1" or below but above "Caa1" by Moody's and (vii) any Collateral Debt Security publicly rated "CCC+" or below by S&P or "CCC+" or below by Fitch or, if not rated by S&P or Fitch, publicly rated "Caa1" or below by Moody's;
 - (bb) with respect to any Collateral Debt Security that is excluded in paragraph (aa)(iv) above, the purchase price until such time as the Market Value has exceeded 90% of the par amount of such Collateral Debt Security on each day for three consecutive months, following which the lower of the Market Value and 100% of the par amount of such Collateral Debt Security;
 - (cc) the Principal Balance of Eligible Investments constituting or purchased with Principal Proceeds, Uninvested Proceeds or amounts standing to the credit of the Principal Collection Account;
 - (dd) with respect to any Collateral Debt Security that is excluded in paragraphs (aa)(i) or (aa)(ii) or (aa)(iii) above, the lesser of (1) the Market Value of such Collateral Debt Security and (2) the lowest Recovery Rate assigned by the Rating Agencies to the relevant "BBB" liability rating of such Collateral Debt Security multiplied by the par amount of such Collateral Debt Security;
 - (ee) with respect to any Collateral Debt Security that is excluded in paragraphs (aa)(v), (aa)(vi) and (aa)(vii) above and where the aggregate Principal Balance of all such

- excluded Collateral Debt Securities exceeds €40,000,000, 90% of the par amount of such Collateral Debt Security to which such excess is attributable and 100% in all other cases;
- (ff) in respect of any Collateral Debt Security that is excluded in paragraphs (aa)(vi) and (aa)(vii) above and where the aggregate Principal Balance of all such excluded Collateral Debt Securities exceeds €10,000,000, 80% of the par amount of such Collateral Debt Security to which such excess is attributable and 100% in all other cases; and
 - (gg) in respect of any Collateral Debt Security that is excluded in paragraph (aa)(vii) above and where the aggregate Principal Balance of all such excluded Collateral Debt Securities exceeds €10,000,000, 70% of the par amount of such Collateral Debt Security to which such excess is attributable and 100% in all other cases;
- (b) for any other purpose, on any Measurement Date, without duplication, an amount equal to the sum of:
- (aa) the Aggregate Principal Balance of Collateral Debt Securities (excluding (i) any Collateral Debt Security that is a Defaulted Security or a Deferred Interest PIK Security or a Collateral Debt Security that is on such Measurement Date having the interest thereon deferred or any Collateral Debt Security that the Collateral Manager reasonably believes is a Defaulted Security or a Deferred Interest PIK Security, (ii) the portion of the Principal Balance of each Collateral Debt Security which is expected to be payable after the Stated Maturity of the Class A Notes, (iii) any PIK Security that fails the overcollateralisation ratio test expressly applicable to such PIK Security under the Underlying Instrument therefor at the time of purchase, (iv) any Collateral Debt Security whose purchase price was less than 90 per cent. of par, (v) any Collateral Debt Security publicly rated "B-" or below by S&P or "B-" or below by Fitch or, if not rated by S&P or Fitch, publicly rated "B3" or below by Moody's; (vi) any Collateral Debt Security publicly rated "B" by S&P or "B" by Fitch or, if not rated by S&P or Fitch, publicly rated "B2" by Moody's; and (vii) any Collateral Debt Security publicly rated "B+" by S&P or "B+" by Fitch or, if not rated by S&P or Fitch, publicly rated "B1" by Moody's;
 - (bb) with respect to any Collateral Debt Security that is excluded in paragraph (aa)(iv) above, the purchase price until such time as the Market Value has exceeded 90% of the par amount of such Collateral Debt Security on each day for three consecutive months, following which the lower of the Market Value and 100% of the par amount of such Collateral Debt Security;
 - (cc) the Principal Balance of Eligible Investments constituting or purchased with Principal Proceeds, Uninvested Proceeds or amounts standing to the credit of the Principal Collection Account;
 - (dd) with respect to any Collateral Debt Security that is excluded in paragraphs (aa)(i) or (aa)(ii) or (aa)(iii) above, the lesser of (1) the Market Value of such Collateral Debt Security and (2) the lowest Recovery Rate assigned by the Rating Agencies to such Collateral Debt Security multiplied by the par amount of such Collateral Debt Security;
 - (ee) with respect to any Collateral Debt Security that is excluded in paragraph (aa)(v) above, the lesser of (1) the Market Value of such Collateral Debt Security and (2) the applicable Lowest Recovery Rate of such Collateral Debt Security multiplied by the par amount of such Collateral Debt Security;
 - (ff) in respect of any Collateral Debt Security that is excluded in paragraph (aa)(vi) above, 70 per cent. of the par amount of such Collateral Debt Security; and
 - (gg) in respect of any Collateral Debt Security that is excluded in paragraph (aa)(vii) above, for the first €5,000,000 of such Collateral Debt Securities, 92.5 per cent. of the par amount of such Collateral Debt Securities and for the balance of such Collateral Debt Securities, 85 per cent. of the par amount of such Collateral Debt Securities;

For purposes of calculating the Net Portfolio Collateral Balance under both paragraphs (a) and (b), only public ratings shall be taken into account.

If a Collateral Debt Security has a rating that falls in more than one of (v), (vi) and (vii) of paragraph (b)(aa) above, (v) shall prevail over (vi) and (vii), and (vi) shall prevail over (vii);

"New Issuer" has the meaning given to that term in Condition 13(a);

"Non-Call Period" means the period from (and including) the Closing Date to (but excluding) the Payment Date falling in October 2010;

"Non-Performing Security" means (a) a Defaulted Security; and (b) any Deferred Interest PIK Security;

"Note Tax Event" has the meaning given to that term in Condition 6(h);

"Notes Placement Agent" means Canadian Imperial Bank of Commerce in its capacity as Notes Placement Agent under the Notes Placement Agreement;

"Notes Placement Agreement" means the notes placement agreement dated on or about the Closing Date, as amended from time to time, between the Issuer and the Notes Placement Agent;

"Officer" means, with respect to any company, the chairman of the Board of Directors, any director, the president, any vice president, the secretary, an assistant secretary, the treasurer, an assistant treasurer of such company, any managing member, managing partner or managing director (*Geschäftsführer*) thereof or any person to whom the rights and powers of the management thereof are delegated;

"Other Indebtedness" means, for the purposes of a Defaulted Security, any other indebtedness of the obligor of the relevant Collateral Debt Securities which is in excess of Euro 1,000,000 or its equivalent in any other currency;

"Outstanding" means in relation to the Notes of a Class or any subdivision thereof as of any date of determination all of the Notes of such Class issued other than:

- (a) those Notes of the relevant Class which have been redeemed pursuant to the Conditions;
- (b) those Notes of the relevant Class in respect of which the Redemption Date has occurred and the redemption moneys (including all interest due and payable in respect thereof, and any interest payable under the relevant Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with Condition 15) and remain available for payment against presentation of the relevant Notes;
- (c) those Combination Notes which have been cancelled as a result of their exchange for interests in the Classes of Notes to which the Components of such Combination Notes correspond pursuant to Condition 2(h);
- (d) those Notes of the relevant Class which have become void in accordance with Condition 11;
- (e) Notes of the relevant Class represented by any Global Bearer Note of the relevant Class to the extent that such Global Bearer Note shall have been exchanged for Definitive Bearer Notes of the relevant Class pursuant to its provisions, to the extent that the principal amount of such Global Bearer Note has not been reduced accordingly; and
- (f) after the Class A1 Consolidation Date, following the mark-up of the Permanent Global Bearer Note representing the Class A1 Term Notes and Class A1 Delayed Draw Notes or, if Definitive Bearer Notes have then been issued in respect of the Class A1 Term Notes, the delivery to a Class A1 Delayed Draw Noteholder of Definitive Bearer Notes in respect of the Class A1 Delayed Draw Notes, in each case in accordance with Condition 2(i), the amount of the Class A1 Delayed Draw Notes still recorded for such Class A1 Delayed Draw Noteholder in the Register or represented by any Certificate still held by such Class A1 Delayed Draw Noteholder and not surrendered.

provided that (i) for the purposes of the Conditions and the Transaction Documents, the Principal Amount Outstanding of Notes of each Class corresponding to the principal amount Outstanding of the Components shall not be treated as being issued and Outstanding for so long as they are comprised in such Combination Notes, but shall be deemed to be issued and Outstanding for the purposes of determining the rights attaching to the Components corresponding thereto and the amounts payable in

respect thereof, and such rights and amounts payable shall be determined by reference to the Notes corresponding thereto as if such Notes were issued and Outstanding in a principal amount equal to the principal amount of the related Components, less any principal amounts which have been paid in respect of such Components in accordance with the Conditions, and (ii) references to principal amount Outstanding in respect of any Class of Notes or all Classes of Notes shall, to the extent such references are to the Class F1 Combination Notes or Class F2 Combination Notes, be deemed, where the context requires, to be references to the Class F1 Combination Notes Nominal Amount Outstanding or Class F2 Combination Notes Nominal Amount Outstanding, as applicable;

"Paying Agents" means the Principal Paying Agent, the Irish Paying Agent, and any successor or additional paying agents appointed pursuant to the terms of the Agency Agreement;

"Payment Account" means the account designated the Payment Account with the Account Bank and established in the name of the Issuer with account number 0266955 0000 EUR 002 CTA and any replacement account for such account, provided that such account shall always be held outside Germany;

"Payment Date" has the meaning given to that term in Condition 5(a)(i);

"Permanent Global Bearer Note" means, in respect of each Class of Bearer Notes, the permanent global bearer note for that Class of Bearer Notes;

"Person" means an individual, company, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof;

"PIK Security" means any CDO that by its terms provides for the ultimate payment of rated interest payments, but permits certain of such payments to be deferred or capitalised as additional principal thereof or provides for the issue of securities that are identical (other than as to the date of issuance and any matters consequential thereon) in place of payments of interest in cash;

"Placement Instalment" means the €240,000 fee payable to the Notes Placement Agent in ten equal instalments on each of the first ten Payment Dates provided that each such instalment shall become immediately due and payable on the Final Payment Date, in each case, in accordance with the terms of the Notes Placement Agreement;

"Portfolio" means the Collateral Debt Securities and Eligible Investments held by or on behalf of the Issuer from time to time;

"Portfolio Criteria" means the criteria set out in Provision 4 of the Portfolio Provisions;

"Portfolio Provisions" means the provisions set forth in Exhibit A to the Collateral Management Agreement relating to, *inter alia*, the acquisition and disposal of Collateral Debts Securities and Eligible Investments and certain criteria to be met by each Collateral Debt Security, Eligible Investment and the Portfolio;

"Post-Reinvestment Period Principal Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(v);

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default;

"Presentation Date" has the meaning given to that term in Condition 7(f);

"Principal Amount Outstanding" means, in respect of a Note of any Class (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes), the principal amount Outstanding of such Note; in respect of a Class A1 Single Draw Note during the Reinvestment Period, the sum of the aggregate amount of the outstanding Funding in respect of such Class A1 Single Draw Note and the Class A1 Single Draw Notes Commitment Amount in respect of such Class A1 Single Draw Note; in respect of a Class A1 Single Draw Note after the Reinvestment Period, the principal amount Outstanding of such Class A1 Single Draw Note; in respect of a Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, the sum of the aggregate amount of each outstanding Funding in respect of such Class A1 Delayed Draw Note and the Class A1 Delayed Draw Notes Commitment Amount in respect of such Class A1 Delayed Draw Note; and in respect of a Class A1 Delayed Draw

Note on and after the Class A1 Consolidation Date, the principal amount Outstanding of such Class A1 Delayed Draw Note; provided that, if a Delayed Draw Note Funding Event of Default or Single Draw Note Funding Event of Default has occurred and is continuing, the Principal Amount Outstanding of the Class A1 Delayed Draw Notes or Class A1 Single Draw Notes to which such Delayed Draw Note Funding Event of Default or Single Draw Note Funding Event of Default relates shall, for the purposes of determining any voting rights of the relevant Class A1 Delayed Draw Noteholder or Class A1 Single Draw Noteholder, be reduced by an amount equal to the amount that the relevant Class A1 Delayed Draw Noteholder or Class A1 Single Draw Noteholder has failed to fund.

"Principal Balance" means, with respect to any Collateral Debt Security or Eligible Investment held by the Issuer, as of any date of determination, the principal amount outstanding of such Collateral Debt Security or Eligible Investment;

"Principal Collection Account" means the account designated the Principal Collection Account with the Account Bank and established in the name of the Issuer with account number 0266955 0000 EUR 001 CTA and any replacement account for such account, provided that such account shall always be held outside Germany;

"Principal Paying Agent" means Deutsche Bank AG, London Branch, and any successor or substitute principal paying agent appointed pursuant to the terms of the Agency Agreement;

"Principal Proceeds" means, with respect to any Due Period, the sum (without duplication) of (1) all payments of principal (including prepayments) received in cash by the Issuer during the related Due Period on the Collateral Debt Securities and the Eligible Investments other than any payments of principal received on Eligible Investments to the extent such Eligible Investments were acquired with Interest Proceeds; (2) all payments of interest received in cash by the Issuer during the related Due Period on the Collateral Debt Securities or the Eligible Investments to the extent such payments constitute proceeds from interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds; (3) all amendment and waiver fees, all late payment fees, and all other fees and commissions received in cash by the Issuer during the related Due Period in connection with the Collateral Debt Securities and the Eligible Investments, (4) with respect to the Due Period corresponding to the Payment Date on which the last day of the Reinvestment Period occurs, any Uninvested Proceeds on deposit in the Initial Proceeds Account on the last day of the Reinvestment Period; (5) all Sale Proceeds received by the Issuer during the related Due Period; (6) all payments of interest and principal received in cash by the Issuer during the related Due Period on any Collateral Debt Security with a rating by S&P or Fitch or, if not rated by S&P or Fitch, Moody's which addresses return of principal only up to an amount such that the sum of cash received since purchasing such Collateral Debt Security is equal to its original Principal Balance; (7) all Interest Proceeds deposited into the Principal Collection Account following a breach of the Interest Diversion Test on the Determination Date on which such Due Period ends, but not used during the immediately following Due Period for the purchase of additional Collateral Debt Securities to cause the Interest Diversion Test to be satisfied; (8) if the Issuer has entered into a Collateral Interest Rate Swap, all amounts received by the Issuer from the Hedge Counterparty in connection with a reduction in the notional amount of a Collateral Interest Rate Swap; (9) any other amounts (including any proceeds from the termination of the Hedge Agreement (if any) net of the costs of entering into a replacement Hedge Agreement) received by the Issuer during the related Due Period which are not included in the definition of Interest Proceeds; (10) all amounts on deposit in the Principal Collection Account, Expense Account and Subordinated Collateral Management Fee Account on the Business Day prior to the Final Payment Date; (11) all brokerage fees and commissions received by the Collateral Manager, as a broker for the Issuer and third party as part of the purchase price of the relevant Collateral Debt Security, as provided in the Collateral Management Agreement; and (12) any distributions received in cash by the Issuer in respect of any Non-Performing Security (including in connection with any sale thereof), provided however that, in no event shall Principal Proceeds include the €31,000 paid by the shareholders of the Issuer to the Issuer and representing the share capital of the Issuer;

"Principal Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(v);

"Priorities of Payment" means (a) prior to enforcement of the security over the Mortgaged Property,

the Interest Proceeds Priority of Payments, the Reinvestment Period Principal Proceeds Priority of Payments, the Post-Reinvestment Period Principal Proceeds Priority of Payments and the Reinvestment Period Single Draw Note Principal Proceeds Priority of Payments, and (b) following enforcement of the security over the Mortgaged Property, the Enforcement Priority of Payments;

"Priority Hedge Termination Event" means any event under the Hedge Agreement, which results in the termination of any transactions under that Hedge Agreement due to an Event of Default or an Additional Termination Event (both as defined in the Hedge Agreement) for which the Hedge Counterparty is the Defaulting Party or the Affected Party (as defined in the Hedge Agreement);

"Qualifying Foreign Country" means (i) Australia, Belgium, Bermuda, Canada, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United States of America or the United Kingdom; provided, that such country's long-term sovereign debt obligations are rated at least "A+" by Fitch and such country has been assigned a foreign currency issuer credit rating of "AAA" by S&P, and (ii) the Bahamas, the Cayman Islands, the Channel Islands, the Netherlands Antilles or any jurisdiction generally imposing no or nominal taxes on the income of the companies located therein, provided that such country's long-term sovereign debt obligations are rated at least "AA-" by S&P;

"Ramp-Up Effective Date" means the earlier of (a) the Payment Date falling in October 2006 and (b) the date on which the Aggregate Principal Balance of all Collateral Debt Securities is equal to or greater than the Target Par Amount;

"Rated Notes" means the Senior Notes and the Mezzanine Notes;

"Rating Agencies" means S&P and Fitch, and **"Rating Agency"** means either of them or, if at any time S&P or Fitch ceases to provide rating services with respect to asset-backed securities, any other internationally recognised investment rating agency selected by the Issuer and reasonably satisfactory to the Trustee. If at any time S&P or Fitch ceases to be a Rating Agency, references to rating categories of S&P or Fitch, as the case may be, in the Transaction Documents, where applicable, shall be deemed instead to be references to the equivalent categories of such other rating agency as of the most recent date on which such other rating agency and S&P or Fitch published ratings for the type of security in respect of which such alternative rating agency is used;

"Rating Agency Confirmation" means, with respect to any action proposed to be taken in connection with the Transaction Documents or any other applicable transaction document (in respect of which a rating confirmation is required by the Transaction Documents or such transaction document), written confirmation from each Rating Agency to the Issuer, the Trustee and/or the Collateral Manager that an immediate withdrawal, reduction or other adverse action with respect to any then current rating of any of the Rated Notes will not occur as a result of such action;

"Rating Withdrawal" means any downgrade, withdrawal or non-affirmation by either of the Rating Agencies within 20 days after the Ramp-Up Effective Date of the ratings assigned to any of the Rated Notes on the Closing Date following a request of the Collateral Administrator for confirmation of the ratings on behalf of the Issuer;

"Record Date" means, with respect to any Payment Date or Single Draw Note Payment Date, the day falling 5 Business Days prior to that Payment Date or Single Draw Note Payment Date, as the case may be;

"Recovery Rate" means the recovery rates assigned by S&P or Fitch for the purposes of the Collateral Quality Tests;

"Redemption Date" means each date specified for a redemption of the Notes of a Class pursuant to Condition 6 or the date on which the Notes of such Class are accelerated pursuant to Condition 9, or, in each case, if such day is not a Business Day the next following Business Day;

"Redemption Notice" means a duly completed Redemption Notice in the form set out in Annex B to the Conditions;

"Redemption Price" means, when used with respect to:

- (a) any Senior Note (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) or any Mezzanine Note, 100 per cent. of the Principal Amount Outstanding of that

Senior Note or Mezzanine Note, as the case may be, in each case together with interest accrued thereon to the date of redemption;

- (b) any Class A1 Single Draw Note or any Class A1 Delayed Draw Note, the Class A1 Funded Amount in respect of that Class A1 Single Draw Note or Class A1 Delayed Draw Note, as the case may be; and
- (c) any Subordinated Note, the *pro rata* share (if any) of the aggregate proceeds of liquidation of the Mortgaged Property or realisation of the security remaining following application thereof in accordance with the relevant Priorities of Payment;

In respect of any Combination Note, the Redemption Price payable, is the aggregate of the Redemption Prices in respect of the principal amount Outstanding of each of the Components comprising such Combination Note;

"Reference Banks" has the meaning given to that term in Condition 5(e)(i)(B);

"Register" has the meaning given to that term in Condition 2(f);

"Registered Notes" means the Class A1 Single Draw Notes and, prior to the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes;

"Registrar" means Deutsche Bank Luxembourg S.A., and any additional or successor or substitute registrar appointed pursuant to the terms of the Agency Agreement;

"Regulation S" means Regulation S under the Securities Act;

"Reinvestment Period" means the period from (and including) the Closing Date to (but excluding) the Payment Date falling in October 2010;

"Reinvestment Period Principal Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(v);

"Reinvestment Period Single Draw Note Principal Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(vi);

"Relevant Date" means the date on which payment of principal and interest in respect of the Notes of any Class first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders of the relevant Class or Classes in accordance with Condition 15;

"Relevant Duration" means, subject to Condition 5(e)(D), in respect of the calculation of EURIBOR for the purposes of calculating the Class A1 Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and the Class D Rate of Interest, six months; and in respect of the calculation of EURIBOR for the purposes of calculating the Single Draw Note Rate of Interest, one month;

"Relevant Percentage" means, if the Controlling Class is the Class A1 Notes, 50 per cent. and, otherwise, 66 $\frac{2}{3}$ per cent.;

"Required Rating" means:

- (a) for the Account Bank, a short term unsecured, unsubordinated and unguaranteed debt rating of at least "A-1+" by S&P and "F1+" by Fitch;
- (b) for the Custodian, a short term unsecured, unsubordinated and unguaranteed debt rating of at least "A-1" by S&P and "F1" by Fitch;
- (c) for the Hedge Counterparty, a substitute counterparty under the Hedge Agreement or a Swap Guarantor (as defined in the Hedge Agreement), as the case may be, such rating by each of S&P and Fitch which does not trigger a Rating Downgrade Event (as defined in the Hedge Agreement);
- (d) for the Liquidity Facility Provider, a short term unsecured, unsubordinated and unguaranteed debt rating of at least "A-1" by S&P and "F1" by Fitch;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies and any successor thereto;

"**Sale Proceeds**" means all proceeds received as a result of sales of any part of the Portfolio pursuant to the Collateral Management Agreement, net of any out-of-pocket expenses, sales or transfer taxes of the Collateral Manager, the Investment Board or the Trustee in connection with any such sale;

"**Secured Obligations**" has the meaning given to the term in Clause 2.3(i) of the Trust Agreement;

"**Secured Parties**" means the Noteholders, the Couponholders, the Trustee, the Agents, the Domiciliation Agent, the Collateral Manager, the Collateral Administrator, the Investment Board Provider, the Hedge Counterparty, the Liquidity Facility Provider and the Notes Placement Agent, each being a "**Secured Party**";

"**Security Agreements**" means the English Security Deed and any security arrangements the Issuer may enter into from time to time and "**Security Agreement**" means any one of them and each as amended from time to time;

"**Securities Act**" means the U.S. Securities Act of 1933, as amended;

"**Seller**" means Canadian Imperial Bank of Commerce, London Branch;

"**Senior Collateral Management Fee**" means the fee payable to the Collateral Manager on each Payment Date pursuant to the Collateral Management Agreement equal to 0.10 per cent. per annum of the daily average Aggregate Principal Balance of all the Collateral Debt Securities during the Due Period preceding such Payment Date, as such fee may be amended with the approval of the Controlling Class and subject to Rating Agency Confirmation, if a successor Collateral Manager is appointed;

"**Senior Coverage Tests**" means each of the Senior Interest Coverage Ratio Test and the Senior Overcollateralisation Ratio Test;

"**Senior Interest Coverage Ratio**" means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing:

- (a) the Interest Coverage Numerator in respect of the related Due Period by;
- (b) the sum of each amount referred to in paragraphs (E), (G) and (H) of the Interest Proceeds Priority of Payments that has been paid or is payable on the Payment Date to which such Due Period relates;

"**Senior Interest Coverage Ratio Test**" means the test that shall be satisfied on any Measurement Date on which any Class A Note or any Class B Note remains Outstanding, if the Senior Interest Coverage Ratio on such Measurement Date is equal to or greater than 106 per cent.;

"**Senior Overcollateralisation Ratio**" means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of the Class A2 Notes and the Class B Notes;

"**Senior Overcollateralisation Ratio Test**" means the test that shall be satisfied on any Measurement Date on which any Class A Note or Class B Note remains Outstanding, if the Senior Overcollateralisation Ratio on such Measurement Date is equal to or greater than 107 per cent.;

"**Single Draw Note Determination Date**" means the last day of each Single Draw Note Due Period;

"**Single Draw Note Due Period**" means, with respect to any Single Draw Note Payment Date, the period from (but excluding) the fifth Business Day prior to the preceding Single Draw Note Payment Date (or, the Closing Date, in the case of the Single Draw Note Due Period relating to the first Single Draw Note Payment Date) to (and including) the fifth Business Day prior to such Single Draw Note Payment Date (or, in the case of the Single Draw Note Due Period applicable to the Single Draw Note Payment Date relating to the Redemption Date of any Class A1 Single Draw Note, such Single Draw Note Payment Date);

"**Single Draw Note Funding Event of Default**" means, in respect of a Class A1 Single Draw Noteholder, the failure of such Class A1 Single Draw Noteholder to make available a Funding in

respect of the Class A1 Single Draw Notes held by such Class A1 Single Draw Noteholder in accordance with the terms of a Funding Request;

"Single Draw Note Interest Period" means, in respect of a Funding relating to a Class A1 Single Draw Note during the Reinvestment Period, each period from (and including) a Single Draw Note Payment Date to (but excluding) the next Single Draw Note Payment Date provided that the first Single Draw Note Interest Period shall be the period from (and including) the Funding Date relating to that Funding to (but excluding) the next following Single Draw Note Payment Date and the last Single Draw Note Interest Period shall end on (but exclude) the last day of the Reinvestment Period or the Redemption Date in respect of that Class A1 Single Draw Note (if earlier);

"Single Draw Note Payment Date" has the meaning given to that term in Condition 5(a)(ii);

"Single Draw Note Rate of Interest" means, in respect of a Single Draw Note Interest Period, the sum of EURIBOR for that Single Draw Note Interest Period and the Class A1 Margin as determined pursuant to Condition 5(e);

"Standard & Poor's CDO Monitor Test" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions.

"Stated Maturity" means in respect of the Class A1 Notes, the Payment Date falling in October 2054, and in respect of the Class A2 Notes, the Class B Notes, the Mezzanine Notes, the Subordinated Notes and the Combination Notes, the Payment Date falling in October 2099;

"Subordinated Collateral Management Fee" means the fee payable to the Collateral Manager on the Final Payment Date pursuant to the Collateral Management Agreement equal to the amount available for distribution and payable under paragraph (N) of the Post-Reinvestment Period Principal Proceeds Priority of Payments on that Payment Date;

"Subordinated Collateral Management Fee Account" means the account designated the Subordinated Collateral Management Fee Account with the Account Bank and established in the name of the Issuer with account number 0266955 0000 EUR 005 CTA and any replacement account for such account, provided that such account shall always be held outside Germany;

"Subordinated Component" means each of (i) the relevant portion of the Class F1 Combination Note comprised of Subordinated Notes, which shall be the equivalent to €1,400,000 in original principal amount of Subordinated Notes; or (ii) the relevant portion of the Class F2 Combination Note comprised of Subordinated Notes, which shall be the equivalent to €600,000 in original principal amount of Subordinated Notes, as applicable;

"Subordinated Note Hurdle Return Amount" means the amount of all cash flows from the Closing Date up to the Final Payment Date (both days inclusive) that would need to have been received by the Subordinated Noteholders in respect of the Subordinated Notes such that the Subordinated Noteholders would obtain an internal rate of return equal to 8 per cent. per annum as determined by the Collateral Administrator;

"Talonholders" means the holders from time to time of the Talons;

"Talons" means the bearer talons with regard to each Coupon Sheet and exchangeable in accordance with the Conditions for further Coupons and/or talons or, where the context so requires, a specific number of them;

"TARGET" has the meaning given to that term in Condition 7(e);

"TARGET Day" has the meaning given to that term in Condition 7(e);

"Target Par Amount" means €98,000,000;

"Temporary Global Bearer Note" means, in respect of each Class of Bearer Notes, the temporary global bearer note for that Class of Bearer Notes;

"Total Redemption Amount" has the meaning given to that term in Condition 6(j);

"Transaction Creditors" means each of the Secured Parties and any other Person to whom the Issuer owes any obligation or amount from time to time;

"Transaction Documents" means the Notes, the Trust Agreement, the Collateral Management

Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Class A1 Notes Purchase Agreement, any Transfer Agreement, the Collateral Acquisition Agreement, the Hedge Agreement, the Agency Agreement, the Liquidity Facility Agreement, the Auditor Engagement Letter, the Notes Placement Agreement, the Listing Agent Appointment Agreement, the Domiciliation Agreement, the English Security Deed and any future agreements to which the Issuer will become a party;

"Transfer Agreement" means a certificate of transfer in the form set out in Part 2 of Annex A to the Conditions, duly executed by the transferor of any of the Registered Notes;

"Trustee Claim" has the meaning given to that term in Clause 2.3 of the Trust Agreement;

"Underlying Instrument" means the trust deed, indenture or any other agreement pursuant to which the Collateral Debt Securities have been issued or created and each other agreement that governs the terms of the obligations represented by such Collateral Debt Securities or of which the holders of such Collateral Debt Securities are beneficiaries;

"Uninvested Proceeds" means, at any time, the net proceeds received by the Issuer from the issuance of the Notes or in respect of Fundings, in each case, standing to the credit of the Initial Proceeds Account;

"Weighted Average Fitch Rating Factor Test" has the meaning given to that term in Provision 6(a) of the Portfolio Provisions;

"Weighted Average Fitch Recovery Rate Test" has the meaning given to that term in Provision 6(c) of the Portfolio Provisions;

"Weighted Average Life Test" has the meaning given to that term in Provision 6(f) of the Portfolio Provisions;

"Weighted Average S&P Recovery Rate Test" has the meaning given to that term in Provision 6(b) of the Portfolio Provisions;

"Weighted Average Spread Test" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions; and

"Withholding Tax Event" has the meaning given to that term in Condition 6(h).

2. Form, Denomination, Funding Requests, Title, Transfer, Registration and Exchange of Notes

(a) Form

Each Class of Bearer Notes (other than the Class A1 Delayed Draw Notes before the Class A1 Consolidation Date) will be issued in bearer form and will initially be represented by interests in a Temporary Global Bearer Note, without Coupons or Talons attached, which will be deposited with a common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Interests in each Temporary Global Bearer Note are exchangeable on and after the Exchange Date, upon certification of non-U.S. beneficial ownership, for interests in a Permanent Global Bearer Note, without Coupons or Talons attached, representing the same Class of Bearer Notes. Any exchange of a Temporary Global Bearer Note shall only take place upon presentation and in the case of final exchange, surrender of the Temporary Global Bearer Note by the bearer to the Principal Paying Agent at its specified office in London and receipt by the Principal Paying Agent of a certificate from Euroclear and/or Clearstream, Luxembourg dated not earlier than the Exchange Date, in the form which forms part of the Temporary Global Bearer Note. The Class A1 Delayed Draw Notes will be issued in definitive registered form and on the Class A1 Consolidation Date, but not before, exchanged for interests in a Permanent Global Bearer Note or, if Definitive Bearer Notes have been issued in respect of the Class A1 Term Notes, Definitive Bearer Notes, in each case subject to and in accordance with Condition 2(i), provided that such exchange of Class A1 Delayed Draw Notes in definitive registered form into interests in Bearer Notes shall only be possible if permitted by the articles of incorporation of the Issuer.

Save in limited circumstances, Definitive Bearer Notes will not be issued in exchange for the

Global Bearer Notes. In the event that Definitive Bearer Notes are so issued, a Definitive Bearer Note in bearer form will be issued to each Noteholder in respect of such Noteholder's holding of Bearer Notes. Each such Definitive Bearer Note will be serially numbered and will have Coupons and, if applicable, Talons attached.

Each Class of Registered Notes will be issued in definitive registered form. Each Registered Note will have an identifying number which will be recorded in the Register.

The Combination Notes will be issued in bearer form and represented by Global Bearer Notes, without Coupons or Talons attached.

(b) *Denomination*

Each Class of Notes (other than the Class A1 Term Notes, the Class A1 Single Draw Notes, the Class A1 Delayed Draw Notes and the Combination Notes) will be issued in denominations of €100,000.

The Class A1 Term Notes will be issued in denominations of €50,000.

The Class A1 Single Draw Notes will be issued in a single denomination of €50,000.

The Class A1 Delayed Draw Notes will be issued in a single denomination of €18,950,000. Following the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be subdivided into denominations of €50,000 and be treated by the Issuer as identical in all respects to the Class A1 Term Notes.

The Class F1 Combination Notes will be issued in the denomination of €1,500,000 and the Class F2 Combination Notes will be issued in the denomination of €500,000.

Each Note (other than each Class A1 Single Draw Note and each Class A1 Delayed Draw Note) will be issued on the Closing Date fully paid up, provided that the Notes of each Class which correspond to Components of which the Combination Notes are comprised shall not be issued and Outstanding for so long as they are comprised in such Combination Notes, but shall be deemed to be issued and Outstanding for the purposes of determining the rights attaching to the Components corresponding thereto. Each Class A1 Single Draw Note and each Class A1 Delayed Draw Note will be issued on the Closing Date paid up as to €1. The Class A1 Delayed Draw Note shall be fully paid up before the Delayed Draw Notes Final Funding Date. The Class A1 Single Draw Note shall be fully paid up on or before the Ramp-Up Effective Date, provided that, after a Funding has been made with respect to the Class A1 Single Draw Note, no further Fundings can be made available thereunder.

(c) *Funding Requests - Delayed Draw Notes*

The holder for the time being of the Class A1 Delayed Draw Note agrees to pay to the Issuer the amounts from time to time specified in any Funding Request up to an aggregate amount not exceeding the Class A1 Delayed Draw Notes Commitment on the terms and subject to the conditions set out in the Class A1 Notes Purchase Agreement.

If on the Delayed Draw Notes Final Funding Date the Class A1 Delayed Draw Notes Commitment Amount is greater than zero and on that date conditions (ii) and (iii) below are satisfied, the Class A1 Delayed Draw Noteholder shall, no later than on the fifth Business Day after having received notice of the occurrence of the Delayed Draw Notes Final Funding Date from the Collateral Manager, pay to the Issuer's Initial Proceeds Account an amount in cleared funds equal to the Class A1 Delayed Draw Notes Commitment Amount. Such payment shall be treated as a Funding for all purposes until the Class A1 Consolidation Date.

The Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) shall be entitled at any time to instruct the Collateral Administrator to issue one or more Funding Requests to the holders for the time being of the Class A1 Delayed Draw Notes for the purpose of using the proceeds thereof to purchase Collateral Debt Securities provided that, at the time of giving such instructions to make any such Funding Request, the following conditions are satisfied:

- (i) the Delayed Draw Notes Final Funding Date has not occurred;

- (ii) no Event of Default or Potential Event of Default is continuing;
- (iii) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the relevant Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Notes or the Class A1 Single Draw Notes); and
- (iv) the sum of the cash in the Principal Collection Account and the Initial Proceeds Account does not exceed €10 million.

No Funding requested in respect of the Class A1 Delayed Draw Notes shall exceed the Class A1 Delayed Draw Notes Commitment Amount or be for an amount less than €500,000 and any Funding in excess thereof shall be in integral multiples of €1. Each Funding Request shall be substantially in the form set out in Schedule 1 to the Class A1 Notes Purchase Agreement, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) and signed by the Collateral Administrator (acting on behalf of the Issuer). All Funding Requests shall be copied to the Trustee. On or before the fifth Business Day after receipt of a Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Notes Purchase Agreement, the Class A1 Delayed Draw Noteholder shall pay the amount specified in such Funding Request to the Initial Proceeds Account in cleared funds.

In consideration of the Class A1 Delayed Draw Noteholder's commitment, on each Payment Date up to (and including) the Class A1 Consolidation Date, the Issuer shall pay to the Class A1 Delayed Draw Noteholder the Class A1 Delayed Draw Notes Commitment Fee on the terms and subject to the conditions set out in the Class A1 Notes Purchase Agreement or the relevant Transfer Agreement.

(d) *Funding Requests - Single Draw Notes*

The holder for the time being of the Class A1 Single Draw Note agrees to pay to the Issuer the amounts specified in any Funding Request up to an amount not exceeding the Class A1 Single Draw Notes Commitment on the terms and subject to the conditions set out in the Class A1 Notes Purchase Agreement.

If on the Ramp-Up Effective Date the Class A1 Single Draw Notes Commitment Amount is greater than zero and on that date condition (i) below is satisfied, the Class A1 Single Draw Noteholder shall, no later than on the fifth Business Day after having received notice of the occurrence of the Ramp-up Effective Date from the Collateral Manager, pay to the Initial Proceeds Account an amount in cleared funds equal to the Class A1 Single Draw Notes Commitment Amount. Such payment shall be treated as a Funding for all purposes.

The Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) shall be entitled at any time to instruct the Collateral Administrator to issue a Funding Request to the holders for the time being of the Class A1 Single Draw Notes for the purpose of using the proceeds thereof to purchase Collateral Debt Securities provided that, at the time of giving such instructions to make such Funding Request, the following conditions are satisfied:

- (i) no Event of Default or Potential Event of Default is continuing;
- (ii) the Reinvestment Period has not terminated and will not have terminated within 5 Business Days and no Funding has already been made with respect to the Class A1 Single Draw Notes;
- (iii) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the requested Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Notes); and
- (iv) the sum of the cash in the Principal Collection Account and the Initial Proceeds Account does not exceed €10 million.

No Funding requested in respect of the Class A1 Single Draw Notes shall exceed the Class A1 Single Draw Notes Commitment Amount or be for an amount less than €49,999. The Funding Request shall be substantially in the form set out in Schedule 1 to the Class A1 Notes Purchase Agreement, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), and signed by the Collateral Administrator (acting on behalf of the Issuer). The Funding Request shall be copied to the Trustee. On or before the fifth Business Day after receipt of the Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Notes Purchase Agreement, the Class A1 Single Draw Noteholder shall pay the amount specified in such Funding Request to the Initial Proceeds Account in cleared funds.

In consideration of the Class A1 Single Draw Noteholder's commitment, on each Single Draw Note Payment Date up to (and including) the earlier of (i) the Single Draw Note Payment Date immediately following the Funding and (ii) the Ramp-up Effective Date, the Issuer shall pay to the Class A1 Single Draw Noteholder the Class A1 Single Draw Notes Commitment Fee on the terms and subject to the conditions set out in the Class A1 Notes Purchase Agreement or the relevant Transfer Agreement.

Pursuant to the Class A1 Notes Purchase Agreement, each of the Class A1 Delayed Draw Noteholder and the Class A1 Single Draw Noteholder shall indemnify and hold harmless the Issuer, its agents and directors in respect of any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) incurred as a result of a failure by it to pay an amount to the Issuer pursuant to the provisions of the Class A1 Notes Purchase Agreement. The Issuer shall not be obliged to take any action in respect of a failure by any Noteholder to provide a Funding as required pursuant to a Funding Request.

(e) *Title and Transfer*

Title to the Global Bearer Notes will pass by delivery. The holder of any Global Bearer Note may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Trustee, the Collateral Administrator and the Paying Agents as the absolute owner of that Global Bearer Note for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Trustee, the Collateral Administrator or the Paying Agents shall be liable for treating such person as the holder.

For as long as the relevant Notes are held in Euroclear or Clearstream, Luxembourg, interests in a Global Bearer Note will be shown on, and transfers thereof will only be effected through, the records maintained by Euroclear or Clearstream, Luxembourg, as the case may be, and their respective participants, and in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg from time to time. For so long as any of the Bearer Notes are represented by a Global Bearer Note held on behalf of Euroclear or Clearstream, Luxembourg (as the case may be), each person (other than another Clearing System) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular principal amount of such Bearer Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the principal amount of such Bearer Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Collateral Administrator and the Agents as the holder of such principal amount of such Bearer Notes (and references to "**holding of Notes**" shall be construed accordingly) for all purposes other than with respect to payments of principal or interest on such principal amount of such Bearer Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the Common Depository as bearer of the Global Bearer Notes. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Common Depository as bearer of the Global Bearer Notes.

Title to the Definitive Bearer Notes, Coupons and Talons will pass by delivery. The holder of

any Definitive Bearer Note, Coupon or Talon may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Definitive Bearer Notes, as the absolute owner of that Definitive Bearer Note, Coupon or Talon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for treating such holder as absolute owner of that Definitive Bearer Note. Each Couponholder and Talonholder (whether or not the Coupon or Talon is attached to the relevant Definitive Bearer Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Definitive Bearer Note.

Title to the Registered Notes will pass by registration in the Register only. Any Certificates issued with respect to the Registered Notes are not a proof of ownership of such Registered Notes. The person shown in the Register as the registered holder of any Registered Note may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Trustee, the Collateral Administrator and the Paying Agents as the absolute owner of that Registered Note for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Trustee, the Collateral Administrator or the Paying Agents shall be liable for treating such person as the holder.

Registered Notes may, subject to the provisions set forth in Annex A of the Conditions, be transferred by the registered holder pursuant to a duly completed and signed Transfer Agreement (such Transfer Agreement being available from the specified office of the Registrar) and upon compliance with such reasonable requirements as the Issuer and the Registrar may prescribe without charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer and surrender by the transferor of the relevant Certificate. No transfer of a Class A1 Delayed Draw Note or a Class A1 Single Draw Note may be registered in the name of a holder unless the Issuer first receives a certification of such holder's non-U.S. beneficial ownership. No transfer of a Registered Note shall be recognised by the Issuer unless entered in the Register. The Registrar will within 14 days of any duly made request to register the transfer of a Registered Note and surrender by the transferor of the relevant Certificate enter the transferee in the Register and procure the authentication and delivery by the Principal Paying Agent of a Registered Note certificate (a "**Certificate**") to the transferee (and, in the case of transfer of part only of a Registered Note, a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as appropriate, the transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, the transferor) mail the Certificate to such address as the transferee (or, as appropriate, the transferor) may request or, alternatively, in the case of transfers effected through the Irish Stock Exchange, deliver the Certificate in accordance with the normal procedures and systems of such exchange.

Prior to the expiry of the Reinvestment Period, it is a condition to the registration of any potential transferee as holder of the Class A1 Single Draw Notes that the transferee, the Class A1 Single Draw Noteholder, the Issuer and the Trustee sign the Transfer Agreement pursuant to which the new Class A1 Single Draw Noteholder assumes all the obligations of the transferor under the Class A1 Notes Purchase Agreement. At any one time during the Reinvestment Period, there may not be more than one holder of the Class A1 Single Draw Notes.

Prior to the Class A1 Consolidation Date, it is a condition to the registration of any potential transferee as holder of the Class A1 Delayed Draw Notes that the transferee, the Class A1 Delayed Draw Noteholder, the Issuer and the Trustee sign the Transfer Agreement pursuant to which the new Class A1 Delayed Draw Noteholder assumes all the obligations of the transferor under the Class A1 Notes Purchase Agreement. At any one time up to (and including) the Class A1 Consolidation Date, there may not be more than one holder of the Class A1 Delayed Draw Notes.

(f) *Registration*

The Issuer will cause to be kept a register (the "**Register**") on which shall be entered the names and addresses of the holders from time to time of the Registered Notes, together with the

particulars of the Registered Notes held by them and of all transfers of Registered Notes. The Register shall be kept at the specified office of the Registrar or at such other location as the Issuer, the Registrar and the Trustee may agree. The Issuer reserves the right, with the approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and to appoint another Registrar. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof. Notice of such variation or termination of appointment and any change in the specified office of the Registrar shall be given to the Noteholders in accordance with Condition 15.

The Issuer will at all times keep an up-to-date copy of the Register at its registered office. In the case of discrepancies between the Register maintained by the Registrar and the copy of the Register held at the Issuer's registered office, the information set forth in the copy of the Register held at the Issuer's registered office shall prevail for Luxembourg law purposes.

No Noteholder may require the transfer of a Registered Note to be registered during the period of 15 days ending on the due date for redemption (in full) of the Registered Notes or during the period from (and including) the Record Date to (and including) any Payment Date and, in respect of the Class A1 Single Draw Notes, any Single Draw Note Payment Date.

(g) *Exchange of Interests in Global Bearer Notes for Definitive Bearer Notes*

Interests in a Global Bearer Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes only upon the occurrence of an Exchange Event. Such Definitive Bearer Notes will be serially numbered and in bearer form with Coupons and Talons attached on issue. The Definitive Bearer Notes, Coupons and Talons will be security printed in accordance with applicable legal and stock exchange requirements and shall be endorsed with these Conditions. For these purposes, "**Exchange Event**" means that (i) the Issuer has been notified by the Trustee or any Agent that either Euroclear or Clearstream, Luxembourg, as the case may be, has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative clearing system acceptable to the Trustee is available, or (ii) the Issuer becomes subject to a Withholding Tax Event as provided for in Condition 6(h) which would not arise were the Definitive Bearer Notes issued in exchange for interests in a Global Bearer Note and a certificate to such effect is given by the Issuer to the Trustee.

(h) *Exchange of Interests in Combination Notes*

The Combination Notes may be exchanged, in whole but not in part, for the Components thereof at the specified offices of the Principal Paying Agent in accordance with the provisions set out herein.

A Class F1 Combination Note may be exchanged for Class C Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class F1 Combination Note's Class C Component, for Class D Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class F1 Combination Note's Class D Component and for Subordinated Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class F1 Combination Note's Subordinated Component; provided that the Class F1 Combination Note may only be exchanged for the Components thereof to the extent that the original principal amounts of the Notes to which such Components relate and in respect of which such exchange is to be effected are equal to the denominations thereof.

A Class F2 Combination Note may be exchanged for Class C Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class F2 Combination Note's Class C Component and for Subordinated Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class F2 Combination Note's Subordinated Component; provided that the Class F2 Combination Note may only be exchanged for the Components thereof to the extent that the original principal amounts of the Notes to which such Components relate and in respect of which such exchange is to be effected are equal to the denominations thereof.

- (i) *Consolidation of the Class A1 Delayed Draw Notes and the Class A1 Term Notes*
On the Class A1 Consolidation Date, (a) if the Class A1 Term Notes are then represented by a Global Bearer Note, the Principal Paying Agent shall mark-up the aggregate Principal Amount Outstanding of the Global Bearer Note representing both the Class A1 Term Notes and the Class A1 Delayed Draw Notes by an amount equal to the aggregate Principal Amount Outstanding of the Class A1 Delayed Draw Notes recorded in the Register on that date but prior to the Registrar making the entries in the Register referred to in paragraph (c) below, (b) if Definitive Bearer Notes have then been issued in respect of the Class A1 Term Notes, the Principal Paying Agent shall deliver to the Class A1 Delayed Draw Noteholders Definitive Bearer Notes in respect of the Class A1 Delayed Draw Notes in an aggregate amount equal to the aggregate Principal Amount Outstanding of the Class A1 Delayed Draw Notes recorded in the Register on that date but prior to the Registrar making the entries in the Register referred to in paragraph (c) below, and (c) the Registrar, immediately upon the Principal Paying Agent marking-up the aggregate Principal Amount Outstanding of the Global Bearer Note representing both the Class A1 Term Notes and the Class A1 Delayed Draw Notes or delivering to the Class A1 Delayed Draw Noteholders Definitive Bearer Notes in respect of the Class A1 Delayed Draw Notes as contemplated by paragraphs (a) and (b) above, shall write down the principal amount of the Class A1 Delayed Draw Notes recorded in the Register to zero and require the Class A1 Delayed Draw Noteholders to surrender the relevant Certificates. Accordingly, on the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be consolidated with, and be treated by the Issuer as identical in all respects to, the Class A1 Term Notes.
- (j) *Signing and Authentication*
The Global Bearer Notes and the Definitive Bearer Notes will be signed manually by two members of the board of directors of the Issuer who are both in office at the time of the issue of the Notes and will be authenticated manually by an authorised signatory on behalf of the Principal Paying Agent.

3. Status

- (a) *Status*
The Notes of each Class and the Coupons constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(b). The Notes of each Class and the Coupons are secured in the manner described in Condition 4 and, within each Class, the Notes shall at all times rank *pari passu* and without any preference amongst themselves. Each Class of Notes and the Coupons are secured by the same security in the manner described in Condition 4.

The Components of the Combination Notes are not separately transferable. The Combination Notes constitute direct, general, secured, unconditional obligations of the Issuer, to the extent of each of their respective Components, and recourse in respect of the Issuer is limited in the manner described in Condition 4(b) in respect of each such Component. The Combination Notes are secured to the extent their respective Components are secured in the manner described in Condition 4.

The Combination Notes shall not, except as otherwise provided in these Conditions, be treated as a separate Class, but Components of the Combination Notes shall be treated as Notes of the Classes represented by such Components.

For the purposes of determining the principal amount Outstanding of each of the Components of a Combination Note, such principal amount Outstanding shall be deemed to be the corresponding amount of each Component as of the Closing Date, regardless of any repayment of principal that may have taken place in accordance with Conditions 3(b)(iii), 3(b)(iv), 3(b)(vii) and 3(b)(viii), but taking into account any redemption of principal that has occurred in accordance with Conditions 3(b)(i) and 3(b)(v).

- (b) *Pre-Enforcement Priorities of Payment*

- (i) *Application of Interest Proceeds on Payment Dates*

On the Business Day prior to each Payment Date, (a) Interest Proceeds held in the Interest

Collection Account on the related Determination Date shall be transferred to, (b) only if payments are due under paragraphs (I), (L), (O) or (P) below on the relevant Payment Date, the Uninvested Proceeds held in the Initial Proceeds Account on the related Determination Date shall be transferred to, and (c) any Liquidity Accrued Interest Drawing and, solely for the purpose of making the payments referred to in paragraphs (A) to (H) (inclusive), any Liquidity PIK Drawing, in each case made available to the Issuer on that Business Day in accordance with the terms of the Liquidity Facility Agreement shall be deposited into, the Payment Account and, in each such case as described in (a), (b) and (c) above (together, as may be reduced by the payments made under items (A) to (U) below, the "**Interest Proceeds Distribution Amount**"), on such Payment Date, will be applied in the following order of priority (the "**Interest Proceeds Priority of Payments**"):

- (A) to the payment, on a *pari passu* and *pro rata* basis, of (i) taxes owing by the Issuer to any tax authority, if any, (payable by the Issuer to the relevant tax authority and not to any other Person) and (ii) the fees or other remuneration and indemnity payments (if any) payable to the Trustee or any appointee thereof and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Trust Agreement, any Security Agreement or any other Transaction Document (together with any interest and any value added tax thereon);
- (B) to the payment, on a *pari passu* and *pro rata* basis, of (i) any Administrative Expenses up to an amount not exceeding the Administrative Expenses Cap, and (ii) any Placement Instalment payable to the Notes Placement Agent under the Notes Placement Agreement;
- (C) to the payment, on a *pari passu* and *pro rata* basis, (i) of all amounts due to the Hedge Counterparty under any Collateral Interest Rate Swap, or if the Hedge Agreement has been terminated (in whole or in part), all amounts due as a result of the termination (or partial termination) of such Hedge Agreement other than amounts due as a result of a Priority Hedge Termination Event, (ii) of all amounts due to the Liquidity Facility Provider under the Liquidity Facility Agreement and (iii) into the Principal Collection Account, of an amount equal to all payments of interest received in cash by the Issuer during the related Due Period on the Collateral Debt Securities or the Eligible Investments to the extent such payments constitute proceeds from interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds;
- (D) to the payment of (i) the Senior Collateral Management Fee due in respect of the relevant Due Period and any accrued but unpaid Senior Collateral Management Fee in respect of previous Due Periods, and (ii) the Investment Board Fee;
- (E) to the payment, on a *pari passu* and *pro rata* basis, of (i) the accrued and unpaid interest on the Class A1 Notes or any Funding relating thereto, (ii) the accrued and unpaid Class A1 Single Draw Notes Commitment Fee, and (iii) the accrued and unpaid Class A1 Delayed Draw Notes Commitment Fee;
- (F) to the payment of any indemnity payable to the Collateral Manager under the Collateral Management Agreement as a result of a grossly negligent or wilful breach by the Issuer of the Collateral Management Agreement and not paid under (B) above;
- (G) to the payment of the accrued and unpaid interest on the Class A2 Notes;
- (H) to the payment of the accrued and unpaid interest on the Class B Notes;
- (I) in respect of any Payment Date falling on or after the Ramp-Up Effective Date, if any of the Senior Coverage Tests is not satisfied on the relevant Determination Date, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in

part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis, in the case of the Senior Overcollateralisation Ratio Test, to the extent necessary to cause the Senior Overcollateralisation Ratio Test to be satisfied and, in the case of the Senior Interest Coverage Ratio Test, to the extent of the amount that would have caused the Senior Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the previous Payment Date;

- (J) to the payment of accrued and unpaid interest on the Class C Notes (other than Class C Deferred Interest);
- (K) to the payment of accrued and unpaid Class C Deferred Interest and interest on such Class C Deferred Interest under the Class C Notes;
- (L) in respect of any Payment Date falling on or after the Ramp-Up Effective Date, if any of the Class C Coverage Tests is not satisfied on the relevant Determination Date, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis, in the case of the Class C Overcollateralisation Ratio Test, to the extent necessary to cause the Class C Overcollateralisation Ratio Test to be satisfied and, in the case of the Class C Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class C Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the previous Payment Date;
- (M) to the payment of accrued and unpaid interest on the Class D Notes (other than Class D Deferred Interest);
- (N) to the payment of accrued and unpaid Class D Deferred Interest and interest on such Class D Deferred Interest under the Class D Notes;
- (O) in respect of any Payment Date falling on or after the Ramp-Up Effective Date, if any of the Class D Coverage Tests is not satisfied on the relevant Determination Date, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, in the case of the Class D Overcollateralisation Ratio Test, to the extent necessary to cause the Class D Overcollateralisation Ratio Test to be satisfied and, in the case of the Class D Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class D Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the previous Payment Date;
- (P) in the event of the occurrence of the Rating Withdrawal, unless the relevant Rating Agency has confirmed in writing that its rating of the Rated Notes has been reinstated, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, in each case, until fully redeemed or, if earlier, until the Rating Agencies confirm that each such rating of the Rated Notes is reinstated;
- (Q) 13.5% of the remaining Interest Proceeds Distribution Amount to be deposited into

the Subordinated Collateral Management Fee Account to be applied on the Final Payment Date as Principal Proceeds subject to and in accordance with the Post-Reinvestment Period Principal Proceeds Priority of Payments;

- (R) to the payment, on a *pari passu* and *pro rata* basis, of (i) any Administrative Expenses to the extent not paid under paragraph (B)(i), and (ii) in respect of any Payment Date other than the Final Payment Date, to the payment to the Expense Account of such an amount that the amount on deposit in the Expense Account (after giving effect to such deposit), together with the amounts paid on that Payment Date under paragraph (B)(i), will equal the Administrative Expenses Cap;
 - (S) to the payment of all amounts due to the Hedge Counterparty under the Hedge Agreement pursuant to an early termination (or partial termination) of the Hedge Agreement as a result of a Priority Hedge Termination Event provided that the principal amount Outstanding of each Combination Note is equal to or below €1;
 - (T) if the Interest Diversion Test is not satisfied, 100 per cent. of the remaining Interest Proceeds Distribution Amount shall, to the extent necessary to cause the Interest Diversion Test to be satisfied, be deposited into the Principal Collection Account to be used for the purchase of additional Collateral Debt Securities; and
 - (U) the remaining Interest Proceeds Distribution Amount shall be paid, on a *pari passu* and *pro rata* basis, as interest on the Subordinated Notes.
- (ii) *Application of Interest Proceeds on Single Draw Note Payment Dates*

On the Business Day prior to each Single Draw Note Payment Date which is not a Payment Date and which falls during the Reinvestment Period, subject to no Enforcement Notice being outstanding on such day and the Coverage Tests being satisfied on the preceding Single Draw Note Determination Date, Interest Proceeds held in the Interest Collection Account on the related Single Draw Note Determination Date shall be transferred to, and any Liquidity Accrued Interest Drawing and/or any Liquidity PIK Drawing made available to the Issuer in respect of the Single Draw Note Payment Date in accordance with the terms of the Liquidity Facility Agreement shall be deposited into, the Payment Account in an amount necessary to pay, and, on such Single Draw Note Payment Date, will be applied to the payment of, accrued and unpaid interest and commitment fees on the Class A1 Single Draw Notes or any Funding relating thereto.

(iii) *Classification of interest on the Class F1 Combination Notes*

On each Payment Date the holders of the Class F1 Combination Notes may receive, in accordance with the Interest Proceeds Priority of Payment, an amount in respect of the Class C Component, the Class D Component and the Subordinated Component of each Class F1 Combination Note (the "**Class F1 Combination Notes Interest Receipts**"), and such amounts shall be applied on each Payment Date as follows:

- (a) (A) firstly, an amount up to the amount as indicated in the table below for such Payment Date, less any payment made prior to such Payment Date under this Condition 3(b)(iii)(a)(A) shall be treated as a repayment of the Class F1 Combination Notes Nominal Amount Outstanding and the Class F1 Combination Notes Nominal Amount Outstanding will be reduced accordingly, provided that the principal amount of the Components shall not be affected by any such payment;

Class F1 Combination Notes

		€3,000,000
Payment Date	21 semi-annual payments (cumulative amounts)	
6 April 2006		€2,615
6 October 2006		€105,443
6 April 2007		€168,701

6 October 2007	€168,701
6 April 2008	€184,989
6 October 2008	€193,431
6 April 2009	€202,131
6 October 2009	€211,050
6 April 2010	€220,218
6 October 2010	€229,623
6 April 2011	€382,799
6 October 2011	€442,124
6 April 2012	€474,054
6 October 2012	€506,424
6 April 2013	€578,509
6 October 2013	€642,248
6 April 2014	€697,663
6 October 2014	€744,722
6 April 2015	€783,682
6 October 2015	€818,244
6 April 2016	€820,950

- (B) secondly, to the extent that any amounts received in accordance with the Interest Proceeds Priority of Payments from the Components remain after the allocation in (A) above, any such excess shall be treated as and shall be paid as interest on the Class F1 Combination Notes;
- (b) (A) if, on the date on which the last payment is made to the Noteholders, the Class F1 Combination Notes Nominal Amount is greater than €0, the lesser of the Class F1 Combination Notes Interest Receipts and the Class F1 Combination Notes Nominal Amount shall be deemed to be due and payable as repayment of the Class F1 Combination Notes Nominal Amount Outstanding; and
- (B) if, on such Payment Date, the Class F1 Combination Notes Interest Receipts exceed the Class F1 Combination Notes Nominal Amount, such excess shall be paid as interest on the Class F1 Combination Notes.

The fact that the Class F1 Combination Notes Nominal Amount Outstanding has been reduced will not affect the Issuer's obligation to make payments on the Components of the Class F1 Combination Notes.

(iv) *Classification of interest on the Class F2 Combination Notes*

On each Payment Date the holders of the Class F2 Combination Notes may receive, in accordance with the Interest Proceeds Priority of Payment, an amount in respect of the Class C Component and the Subordinated Component of each Class F2 Combination Note (the "**Class F2 Combination Notes Interest Receipts**"), and such amounts shall be applied on each Payment Date as follows:

- (a) (A) firstly, an amount up to the amount as indicated in the table below for such Payment Date, less any payment made prior to such Payment Date under this Condition 3(b)(iv)(a)(A) and Condition 3(b)(viii)(a)(B) shall be treated as a repayment of the Class F2 Combination Notes Nominal Amount Outstanding and the Class F2 Combination Notes Nominal Amount Outstanding will be reduced accordingly, provided that the principal amount of the Components shall not be affected by any such payment;

Class F2 Combination Notes

€3,000,000

Payment Date	21 semi-annual payments (cumulative amounts)
6 April 2006	€17,463
6 October 2006	€5,991
6 April 2007	€149,081
6 October 2007	€202,609
6 April 2008	€256,887
6 October 2008	€312,057
6 April 2009	€366,691
6 October 2009	€420,577
6 April 2010	€453,841
6 October 2010	€487,897
6 April 2011	€487,897
6 October 2011	€487,897
6 April 2012	€487,897
6 October 2012	€487,897
6 April 2013	€487,897
6 October 2013	€487,897
6 April 2014	€581,731
6 October 2014	€644,698
6 April 2015	€338,592
6 October 2015	€365,524
6 April 2016	€365,524

- (B) secondly, to the extent that any amounts received in accordance with the Interest Proceeds Priority of Payments from the Components remain after the allocation in (A) above, any such excess shall be treated as and shall be paid as interest on the Class F2 Combination Notes;
- (b) (A) if, on the date on which the last payment is made to the Noteholders, the Class F2 Combination Notes Nominal Amount is greater than €0, the lesser of the Class F2 Combination Notes Interest Receipts and the Class F2 Combination Notes Nominal Amount shall be deemed to be due and payable as repayment of the Class F2 Combination Notes Nominal Amount Outstanding; and
- (B) if, on such Payment Date, the Class F2 Combination Notes Interest Receipts exceed the Class F2 Combination Notes Nominal Amount, such excess shall be paid as interest on the Class F2 Combination Notes.

The fact that the Class F2 Combination Notes Nominal Amount Outstanding has been reduced will not affect the Issuer's obligation to make payments on the Components of the Class F2 Combination Notes.

(v) *Application of Principal Proceeds on Payment Dates*

On the Business Day prior to each Payment Date falling before the end of the Reinvestment Period (other than a Payment Date falling in a period during which the

Reinvestment Period is suspended), Principal Proceeds held in the Principal Collection Account on the related Determination Date shall be transferred to the Payment Account and, on such Payment Date, will be applied to the payment of amounts referred to in paragraphs (A) to (P) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder (such order of priority, the "**Reinvestment Period Principal Proceeds Priority of Payments**").

On the Business Day prior to each Payment Date falling after the end of the Reinvestment Period or falling in a period during which the Reinvestment Period is suspended, Principal Proceeds held in the Principal Collection Account on the related Determination Date (and, in respect of the Final Payment Date, amounts (if any remaining) held in the Subordinated Collateral Management Fee Account on the Business Day preceding the Final Payment Date) shall be transferred to the Payment Account and, on such Payment Date, will be applied in the following order of priority (the "**Post-Reinvestment Period Principal Proceeds Priority of Payments**" and, together with the Reinvestment Period Principal Proceeds Priority of Payments and the Reinvestment Period Single Draw Note Principal Proceeds Priority of Payments, the "**Principal Proceeds Priority of Payments**"):

- (A) to the payment of amounts referred to in paragraphs (A) to (E) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (B) to redeem the Class A1 Notes on a *pro rata* basis until the Class A1 Notes have been redeemed in full;
- (C) to the payment of the accrued and unpaid interest on the Class A2 Notes;
- (D) to redeem the Class A2 Notes on a *pro rata* basis until the Class A2 Notes have been redeemed in full;
- (E) to the payment of the accrued and unpaid interest on the Class B Notes;
- (F) to redeem the Class B Notes on a *pro rata* basis until the Class B Notes have been redeemed in full;
- (G) to the payment of the accrued and unpaid interest on the Class C Notes (including any Class C Deferred Interest and any interest thereon);
- (H) to redeem the Class C Notes on a *pro rata* basis until the Class C Notes have been redeemed in full;
- (I) to the payment of the accrued and unpaid interest on the Class D Notes (including any Class D Deferred Interest and any interest thereon);
- (J) to redeem the Class D Notes on a *pro rata* basis until the Class D Notes have been redeemed in full;
- (K) to the payment of amounts referred to in paragraphs (R) and (S) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder;
- (L) to redeem the Subordinated Notes on a *pro rata* basis to an accumulated amount equal to 100 per cent. of the Principal Amount Outstanding of each Subordinated Note minus €1 (one euro) or until the Subordinated Note Hurdle Return Amount has been reached (if earlier);
- (M) to the payment of an Interest Amount on the Subordinated Notes until the Subordinated Note Hurdle Return Amount has been reached;
- (N) on the Final Payment Date only, to pay first, any amounts to the extent not already paid under paragraphs (A) to (M) above and second, the Subordinated Collateral Management Fee to the Collateral Manager; and
- (O) the balance, if any, to the Subordinated Notes.

(vi) Application of Principal Proceeds on Single Draw Note Payment Dates

On the Business Day prior to each Single Draw Note Payment Date which is not a Payment Date and which falls during the Reinvestment Period, subject to no Enforcement Notice being outstanding on such day and the Coverage Tests being satisfied on the preceding Single Draw Note Determination Date, Principal Proceeds held in the Principal Collection Account on the related Single Draw Note Determination Date shall be transferred to the Payment Account to the extent necessary to pay the amounts referred to herein and, on such Single Draw Note Payment Date, will be applied to the payment of amounts referred to in Condition 3(b)(ii) but only to the extent not paid in full thereunder (such order of priority, the "**Reinvestment Period Single Draw Note Principal Proceeds Priority of Payments**").

(vii) *Classification of principal on the Class F1 Combination Notes*

On each Payment Date the holders of the Class F1 Combination Notes may receive in accordance with the relevant Principal Proceeds Priority of Payment an amount of principal in respect of the Class C Component, the Class D Component and the Subordinated Component of such Class F1 Combination Notes (the "**Class F1 Combination Notes Principal Receipts**"). No other payments will be made on the Class F1 Combination Notes. Any such amounts shall be applied on such Payment Date as follows:

- (a) (A) if the Class F1 Combination Notes Nominal Amount less all amounts paid on such Payment Date in accordance with Condition 3(b)(iii)(a)(A) is equal to or greater than €1, the lesser of the Class F1 Combination Note Principal Receipts in respect of such Payment Date and the Class F1 Combination Notes Nominal Amount less all amounts paid on such Payment Date in accordance with Condition 3(b)(iii)(a)(A) (provided that the Class F1 Combination Notes Nominal Amount Outstanding shall thereafter not be less than €1) shall be treated as a repayment of the Class F1 Combination Notes Nominal Amount Outstanding and the Class F1 Combination Notes Nominal Amount Outstanding will be reduced accordingly; and
- (B) to the extent that any amounts of principal from the Components remain after the allocations in (A) above, any such excess shall be treated as and shall be paid as additional interest on the Class F1 Combination Notes;
- (b) (A) if, on the date on which the last payment is made to the Noteholders, the Class F1 Combination Notes Nominal Amount minus any amounts paid on such Payment Date in accordance with Conditions 3(b)(iii)(a)(A) and 3(b)(iii)(b)(A) is greater than €0, the lesser of the Class F1 Combination Notes Principal Receipts in respect of such Payment Date and the Class F1 Combination Notes Nominal Amount minus any amounts paid on such Payment Date in accordance with Conditions 3(b)(iii)(a)(A) and 3(b)(iii)(b)(A) shall be deemed to be due and payable as repayment of the Class F1 Combination Notes Nominal Amount Outstanding; and
- (B) if, on such Payment Date, the Class F1 Combination Notes Principal Receipts exceed the Class F1 Combination Notes Nominal Amount minus any amounts paid on such Payment Date in accordance with Conditions 3(b)(iii)(a)(A) and 3(b)(iii)(b)(A), such excess shall be paid as interest on the Class F1 Combination Notes.

The fact that the Class F1 Combination Notes Nominal Amount Outstanding has been reduced will not affect the Issuer's obligation to make payments on the Components of the Class F1 Combination Notes.

(viii) *Classification of principal on the Class F2 Combination Notes*

On each Payment Date the holders of the Class F2 Combination Notes may receive in accordance with the relevant Principal Proceeds Priority of Payment an amount of

principal in respect of the Class C Component and the Subordinated Component of such Class F2 Combination Notes (the "**Class F2 Combination Notes Principal Receipts**"). No other payments will be made on the Class F2 Combination Notes. Any such amounts shall be applied on such Payment Date as follows:

- (a) (A) if the Class F2 Combination Notes Nominal Amount less all amounts paid on such Payment Date in accordance with Condition 3(b)(iv)(a)(A) is equal to or greater than €1, the lesser of the Class F2 Combination Note Principal Receipts in respect of such Payment Date and the Class F2 Combination Notes Nominal Amount less all amounts paid on such Payment Date in accordance with Condition 3(b)(iv)(a)(A) (provided that the Class F2 Combination Notes Nominal Amount Outstanding shall thereafter not be less than €1) shall be treated as a repayment of the Class F2 Combination Notes Nominal Amount Outstanding and the Class F2 Combination Notes Nominal Amount Outstanding will be reduced accordingly; and
- (B) to the extent that any amounts of principal from the Components remain after the allocations in (A) above, any such excess shall be treated as and shall be paid as additional interest on the Class F2 Combination Notes;
- (b) (A) if, on the date on which the last payment is made to the Noteholders, the Class F2 Combination Notes Nominal Amount minus any amounts paid on such Payment Date in accordance with Conditions 3(b)(iv)(a)(A) and 3(b)(iv)(b)(A) is greater than €0, the lesser of the Class F2 Combination Notes Principal Receipts in respect of such Payment Date and the Class F2 Combination Notes Nominal Amount minus any amounts paid on such Payment Date in accordance with Conditions 3(b)(iv)(a)(A) and 3(b)(iv)(b)(A) shall be deemed to be due and payable as repayment of the Class F2 Combination Notes Nominal Amount Outstanding; and
- (B) if, on such Payment Date, the Class F2 Combination Notes Principal Receipts exceed the Class F2 Combination Notes Nominal Amount minus any amounts paid on such Payment Date in accordance with Conditions 3(b)(iv)(a)(A) and 3(b)(iv)(b)(A), such excess shall be paid as interest on the Class F1 Combination Notes.

The fact that the Class F2 Combination Notes Nominal Amount Outstanding has been reduced will not affect the Issuer's obligation to make payments on the Components of the Class F2 Combination Notes.

(c) *Non-payment of Amounts*

Save in the case of non-payment in full of (i) the principal amount of any Class of Notes on any Redemption Date, (ii) any interest due and payable in respect of the Senior Notes on any Payment Date or in respect of the Class A1 Single Draw Notes on any Single Draw Note Payment Date and (iii) any due and payable Class A1 Delayed Draw Notes Commitment Fee or Class A1 Single Draw Notes Commitment Fee, so long as any Senior Notes are Outstanding, failure on the part of the Issuer to pay any of the amounts referred to in Condition 3(b), solely by reason of the fact that there are insufficient funds standing to the credit of the Payment Account, the Interest Collection Account or the Principal Collection Account, as the case may be, shall not constitute an Event of Default pursuant to Condition 9.

(d) *Determination and Payment of Amounts*

The Collateral Administrator will, in consultation with the Account Bank and the Collateral Manager, on each Determination Date and each Single Draw Note Determination Date, calculate the amounts payable on the immediately following Payment Date or Single Draw Note Payment Date, as the case may be, pursuant to Condition 3(b).

(e) *De Minimis Amounts*

The Collateral Administrator may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of interest and/or principal on each Class of Notes from time to time pursuant to Condition 3(b) so that the amount to be so applied in respect of

any Note is a whole amount, not involving any part of a euro.

(f) *Publication of Amounts*

The Collateral Administrator will cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, the Principal Amount Outstanding and the amount of each outstanding Funding in respect of the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes, the Class A1 Single Draw Notes Commitment Fee and the Class A1 Delayed Draw Notes Commitment Fee on each Payment Date or Single Draw Note Payment Date, as the case may be, in respect of the Notes to be notified to the Trustee, the Issuer, each Paying Agent, the Collateral Manager, the Investment Board Provider, the Registrar and, so long as any of the Notes are listed on the Irish Stock Exchange, and the rules of that exchange so require, the Irish Stock Exchange, by no later than 11.00 a.m. (Dublin time) on the Business Day following the applicable Determination Date or Single Draw Note Determination Date, as the case may be, and the Principal Paying Agent shall procure that details of such amounts are notified to the Noteholders of each Class in accordance with Condition 15 as soon as possible after notification thereof to the Principal Paying Agent in accordance with the above but in no event later than (to the extent applicable) the second Business Day following the applicable Determination Date or Single Draw Note Determination Date, as the case may be.

(g) *Notifications to be Final*

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition will (in the absence of manifest error) be binding on the Issuer, the Investment Board Provider, the Collateral Manager, the Collateral Administrator, the Trustee, the Paying Agents, the Registrar, all Noteholders and all Couponholders and (in the absence of manifest error as referred to above) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Investment Board Provider, the Collateral Manager or the Collateral Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

4. **Security**

(a) *Security*

The Issuer shall grant the following collateral to the Trustee on or about the Closing Date as security for the benefit of the Noteholders and the other Secured Parties:

- (i) Pursuant to the Trust Agreement, (aa) a German law pledge regarding all its present and future claims and rights arising from the Collateral Management Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Agency Agreement, Listing Agent Appointment Agreement, the Notes Placement Agreement, the Class A1 Notes Purchase Agreement, the Liquidity Facility Agreement, any Transfer Agreement, the Master Interpretation and Construction Schedule and (bb) a German law pledge regarding the claims of the Issuer against the Trustee under the Trust Agreement; and
- (ii) Pursuant to a security deed governed by English law, security of (aa) all cash and securities held by the Custodian on behalf of the Issuer from time to time, including in particular the present and future Collateral Debt Securities as well as of the Eligible Investments held by or on behalf of the Issuer from time to time, (bb) all present and future rights of the Issuer in respect of the Hedge Agreement and the Collateral Acquisition Agreement, and (cc) all present and future rights in respect of any cash amount standing to the credit of each Account and the debt represented by it.

Pursuant to the provisions of the Trust Agreement, the Issuer shall grant a security interest which is satisfactory to the Trustee with respect to any other future agreements or assets which it shall enter into or acquire from time to time after the Closing Date.

The assets and rights in respect of which security is or will be created as described above are together referred to as the "**Mortgaged Property**".

(b) *Limited Recourse*

All payment obligations of the Issuer under the Notes (including the Components of the Combination Notes) and Coupons constitute obligations exclusively to make payments in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and the other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and the Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. The Notes (including the Components of the Combination Notes) and Coupons shall not give rise to any payment obligations in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, after payment of all claims ranking in priority to the Notes (including the Components of the Combination Notes) and Coupons, prove ultimately insufficient to satisfy the claims of all Noteholders and Couponholders in full, then any shortfall arising shall be extinguished and no Noteholder or Couponholder shall have any further claims against the Issuer, provided that the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Noteholders and the Couponholders, and neither assets nor proceeds will be so available thereafter.

5. Interest

(a) *Payment Dates*

(i) Senior Notes, Mezzanine Notes and Subordinated Notes

Each of the Senior Notes (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes prior to the Class A1 Consolidation Date), the Mezzanine Notes and the Subordinated Notes bears interest from (and including) the Closing Date and such interest will be payable semi-annually in arrear, on 6 April and 6 October in each year in euro, commencing on 6 April 2006, unless such day is not a Business Day, in which case interest shall be payable on the next succeeding Business Day (each such date a "**Payment Date**").

(ii) Class A1 Single Draw Notes

During the Reinvestment Period, the Funding in respect of the Class A1 Single Draw Notes bears interest from (and including) the Funding Date in respect of such Funding and such interest will be payable monthly in arrear on the 6th day of each month in euro, unless such day is not a Business Day, in which case interest shall be payable on the next succeeding Business Day (each such date a "**Single Draw Note Payment Date**").

After the Reinvestment Period, the Class A1 Single Draw Notes bears interest from (and including) the last day of the Reinvestment Period and such interest will be payable semi-annually in arrear on each Payment Date in euro.

(iii) Class A1 Delayed Draw Notes

Up to (but excluding) the Class A1 Consolidation Date, each Funding in respect of the Class A1 Delayed Draw Notes bears interest from (and including) the Funding Date in respect of such Funding and such interest will be payable semi-annually in arrear on each Payment Date in euro.

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes shall be consolidated with, and be treated by the Issuer as identical in all respects to, the Class A1 Term Notes and interest shall be payable in respect thereof as provided in Condition 5(a)(i).

- (b) *Interest Accrual*
- (i) Interest in respect of the Senior Notes (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes prior to the Class A1 Consolidation Date), the Mezzanine Notes and the Subordinated Notes shall accrue in respect of each Interest Period.
 - (ii) During the Reinvestment Period, interest in respect of the Funding in respect of the Class A1 Single Draw Notes shall accrue in respect of each Single Draw Note Interest Period. After the Reinvestment Period, interest in respect of the Class A1 Single Draw Notes shall accrue in respect of each Interest Period.
 - (iii) Up to (but excluding) the Class A1 Consolidation Date, interest in respect of each Funding in respect of the Class A1 Delayed Draw Notes shall accrue in respect of each Funding Period. From (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes shall be consolidated with, and shall be treated by the Issuer as identical in all respects to, the Class A1 Term Notes and shall accrue interest thereon as indicated in Condition 5(b)(i).
 - (iv) Each of the Notes will cease to bear interest from and including its due date for redemption unless, upon due presentation or request for payment, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 5 (both before and after judgement) until, but excluding, whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (ii) the day which is seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 15 of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).
- (c) *Deferral of Interest*
- (i) **Class C Deferred Interest**
For so long as any of the Senior Notes remain Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes to the extent that there are Interest Proceeds Distribution Amounts or Principal Proceeds, as the case may be, available for payment thereof in accordance with the relevant Priorities of Payment. An amount of interest equal to any such amount (the "**Class C Deferred Interest**") which has not been paid on any Payment Date shall be deferred and shall itself bear interest in accordance with these Conditions from, and including, such date to, but excluding, the date on which it is paid.
 - (ii) **Class D Deferred Interest**
For so long as any of the Senior Notes and the Class C Notes remain Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class D Notes to the extent that there are Interest Proceeds Distribution Amounts or Principal Proceeds available for payment thereof in accordance with the relevant Priorities of Payment. An amount of interest equal to any such amount (the "**Class D Deferred Interest**") which has not been paid on any Payment Date shall be deferred and shall itself bear interest in accordance with these Conditions from, and including, such date to, but excluding, the date on which it is paid.
- (d) *Payment of Class C Deferred Interest and Class D Deferred Interest*
The Class C Deferred Interest and the Class D Deferred Interest shall only become payable by the Issuer in accordance with Conditions 3(b)(i) and 3(b)(v) to the extent that Interest Proceeds Distribution Amounts or Principal Proceeds, as the case may be, are available to make such payment in accordance with the relevant Priorities of Payment.
- (e) *Interest on the Senior Notes and the Mezzanine Notes*
- (i) The rate of interest from time to time in respect of the Senior Notes (including any Funding in respect of the Class A1 Single Draw Notes and/or the Class A1 Delayed Draw Notes) and the Mezzanine Notes will be determined by the Calculation Agent on the

following basis:

- (A) On the Interest Determination Date relating to an Interest Period, a Single Draw Note Interest Period or a Funding Period, as the case may be, the Calculation Agent will determine the EURIBOR rate for euro deposits of the Relevant Duration as at 11.00 am (Brussels time) on the relevant Interest Determination Date. Such offered rate will be that which appears on the display designated as page 248 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying EURIBOR rates).
- (B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (A) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro-zone interbank market acting in each case through its London office (the "**Reference Banks**") to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Euro-zone interbank market for the Relevant Duration as at 11.00 am (Brussels time) on the Interest Determination Date in question and shall calculate the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided) for the Relevant Duration.
- (C) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Calculation Agent shall determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the euro lending rates which a further three major banks in the Euro-zone selected by the Calculation Agent are quoting, on the relevant Interest Determination Date, for loans in euro for the Relevant Duration to leading European banks.
- (D) If in respect of any Funding, the relevant Funding Date is a day other than a Single Draw Note Payment Date (in the case of the Funding in respect of a Class A1 Single Draw Note) or a Payment Date (in the case of a Funding in respect of a Class A1 Delayed Draw Note), and the number of days from (and including) the relevant Funding Date to (but excluding) the next Payment Date or Single Draw Note Payment Date (as applicable) is not equal to the number of days in the Relevant Duration, then in respect of the first Funding Period or Single Draw Note Interest Period, as applicable, only in respect of such Funding, the Calculation Agent shall calculate the straight line interpolation of two rates each as determined under paragraphs (A), (B) or (C) above, as the case may be, one such rate, instead of being calculated for the Relevant Duration, shall be calculated for a duration the next shorter than the Relevant Duration that is available to the Calculation Agent and the other such rate, instead of being calculated for the Relevant Duration, shall be calculated for a duration the next longer than the Relevant Duration that is available to the Calculation Agent and the resulting interpolated rate shall be the rate applicable to the first Funding Period or Single Draw Note Interest Period, as applicable.
- (E) The Class A1 Rate of Interest for such Interest Period shall be the aggregate of the Class A1 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, the Single Draw Note Rate of Interest for such Single Draw Note Interest Period shall be the aggregate of the Class A1 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B), (C) or (D) above, as the case may be, the Delayed Draw Note Rate of Interest for such Funding Period shall be the aggregate of the Class A1 Margin and the rate determined by the Calculation Agent in

accordance with paragraph (A), (B), (C) or (D) above, as the case may be, the Class A2 Rate of Interest for such Interest Period shall be the aggregate of the Class A2 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, the Class B Rate of Interest for such Interest Period shall be the aggregate of the Class B Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, the Class C Rate of Interest for such Interest Period shall be the aggregate of the Class C Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, and the Class D Rate of Interest for such Interest Period shall be the aggregate of the Class D Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, all as determined by the Calculation Agent.

- (ii) The Calculation Agent will, as soon as practicable after 11.00 am (London time) on each relevant Interest Determination Date, but in no event later than the second Business Day after such date, determine the Class A1 Rate of Interest, the Single Draw Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and the Class D Rate of Interest and calculate the Interest Amount payable in respect of the Principal Amount Outstanding of each of the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, (after the Reinvestment Period) the Class A1 Single Draw Notes and (after the Class A1 Consolidation Date) the Class A1 Delayed Draw Notes for the relevant Interest Period and the Interest Amount payable in respect of each Funding in respect of each of (during the Reinvestment Period) the Class A1 Single Draw Notes and (prior to the Class A1 Consolidation Date) the Class A1 Delayed Draw Notes. The amount of interest payable in respect of each of the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, (after the Reinvestment Period) the Class A1 Single Draw Notes and (after the Class A1 Consolidation Date) the Class A1 Delayed Draw Notes, and the Mezzanine Notes in respect of each Principal Amount Outstanding thereof shall be calculated by applying the relevant rate of interest to an amount equal to the Principal Amount Outstanding of the relevant Note on such Interest Determination Date, and multiplying the product by the number of days in the Interest Period in respect of which payment is being made divided by 360. The amount of interest payable in respect of the Funding in respect of the Class A1 Single Draw Notes shall be calculated by applying the relevant rate of interest to the amount of the Funding, and multiplying the product by the number of days in the Single Draw Note Interest Period in respect of such Funding divided by 360. The amount of interest payable in respect of each Funding in respect of the Class A1 Delayed Draw Notes shall be calculated by applying the relevant rate of interest to the amount of the relevant Funding, and multiplying the product by the number of days in the Funding Period in respect of such Funding divided by 360.
- (iii) The Issuer will procure that, so long as any Class A1 Note, Class A2 Note, Class B Note, Class C Note or Class D Note remains Outstanding:
 - (A) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and Interest Amount payable in respect of the Class A1 Notes, Class A2 Notes, Class B Notes, Class C Notes and/or Class D Notes and/or each Funding in respect of the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes, as applicable; and
 - (B) in the event that the Class A1 Rate of Interest, the Single Draw Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and/or the Class D Rate of Interest is to be calculated on the basis of quotations provided by the Reference Banks, as the case may be, pursuant to paragraph (B) of Condition 5(e)(i), that the number of Reference Banks required pursuant to such Condition are appointed.

(f) *Interest on the Subordinated Notes*

On each Determination Date, the Collateral Administrator shall calculate the Interest Amount on each of the Subordinated Notes by applying the rate of interest applicable to the Subordinated Notes to an amount equal to the Principal Amount Outstanding of the relevant Subordinated Note on such Determination Date, and multiplying the product by the number of days in the Interest Period in respect of which payment is being made divided by 360. The rate of interest applicable to the Subordinated Notes in respect of each Interest Period shall be calculated as follows:

$$R = (A/P) \times 100 \times \frac{360}{\text{days in the Interest Period}}$$

Where

"R", in respect of any Interest Period, is the percentage rate per annum at which interest accrues on the Subordinated Notes;

"A" means, in respect of any Interest Period, an amount equal to the sum of:

- (i) an amount equal to the amount of Interest Proceeds Distribution Amounts standing to the credit of the Payment Account on the relevant Payment Date (before any payments have been made) less the aggregate of all amounts payable by the Issuer in accordance with the Interest Proceeds Priority of Payments in priority to item (U) of the Interest Proceeds Priority of Payments;
- (ii) the lesser of (A) an amount equal to the amount of Principal Proceeds which would be required to be paid to the Subordinated Noteholders for the Subordinated Note Hurdle Return Amount to be reached after taking into consideration amounts paid to the Subordinated Noteholders and referred to in (i) above, and (B) an amount equal to the amount of Principal Proceeds standing to the credit of the Payment Account on the relevant Payment Date (before any payments have been made) less the aggregate of all amounts payable by the Issuer in accordance with Post Reinvestment Period Principal Proceeds Priority of Payments in priority to item (M) of Condition 3(b)(v); and
- (iii) an amount equal to the amount of Principal Proceeds standing to the credit of the Payment Account on the relevant Payment Date (before any payments have been made) less the aggregate of all amounts payable by the Issuer in accordance with the Post Reinvestment Period Principal Proceeds Priority of Payments in priority to item (O) of Condition 3(b)(v);

"P" means the Aggregate Principal Amount Outstanding of the Subordinated Notes on the Determination Date.

Following the enforcement of the security over the Mortgaged Property, the Subordinated Notes shall continue to accrue interest on a daily basis in the period up to the date of the final distribution of the enforcement proceeds in accordance with the Enforcement Priority of Payments at a rate of interest calculated as provided above, *mutatis mutandis*, in respect of such period, where "A" means an amount equal to the amount of relevant proceeds standing to the credit of the Payment Account on the relevant distribution date (before any payments have been made) less an amount equal to the aggregate of all amounts payable by the Issuer in accordance with the applicable Enforcement Priority of Payments in priority to item (iii) thereof.

(g) *Interest on the Combination Notes*

Interest shall be paid in respect of each Combination Note on the same terms as are applicable to a principal amount of each Class of Notes which is equal to the principal amount of each Component comprising such Combination Note.

Deferred Interest and interest thereon (if any) will be allocated to the Combination Notes in the proportion that the principal amount of such Class C Component or Class D Component, as applicable, bears to the Principal Amount Outstanding of the relevant Class of Notes and any such amount will be in respect of, and not in addition to, the Deferred Interest and interest thereon (if any) on the relevant Class.

(h) *Publication of Rates of Interest and Interest Amounts*

The Calculation Agent will cause the Class A1 Rate of Interest, the Single Draw Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class C Deferred Interest, the Class D Rate of Interest, the Class D Deferred Interest, the Interest Amount in respect of the denomination of each of the Notes for each Interest Period, Single Draw Note Interest Period or Funding Period, as applicable, the Interest Amount in respect of the Funding in respect of the Class A1 Single Draw Notes and each of the Class A1 Delayed Draw Notes and the applicable Payment Date or Single Draw Note Payment Date, as the case may be, to be notified to the Issuer, the Collateral Administrator, the Collateral Manager, the Investment Board Provider, each Paying Agent, the Trustee, Euroclear, Clearstream, Luxembourg, and (so long as any of the Notes are listed on the Irish Stock Exchange) the Irish Stock Exchange as soon as possible after their determination but in no event later than the second Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 15 as soon as possible following notification to the Principal Paying Agent but in no event later than the second Business Day after such notification. The Interest Amounts, Payment Date and/or Single Draw Note Payment Date, as the case may be, so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period, Funding Period and/or the Single Draw Note Interest Period, as the case may be. If any of the Notes become due and payable under Condition 9, interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition but no publication of the applicable Interest Amounts shall be made unless the Trustee so requires.

(i) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason so determine the Class A1 Rate of Interest, the Single Draw Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class C Deferred Interest, the Class D Rate of Interest, the Class D Deferred Interest or calculate the Interest Amounts payable in respect of the Senior Notes and the Mezzanine Notes for an Interest Period or the Interest Amounts payable in respect of Fundings in respect of the Class A1 Single Draw Notes or the Class A1 Delayed Draw Notes for a Single Draw Note Interest Period or Funding Period, as applicable, or the Interest Amounts in respect of the Subordinated Notes, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent and shall be binding on the Noteholders and the Couponholders. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it in its sole and absolute discretion shall deem fair and reasonable in all the circumstances and upon reliance on such persons as it has appointed for such purpose.

(j) *Notifications, etc. to be Final*

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them), the Calculation Agent, the Collateral Administrator or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the Trustee, the Agents, all Noteholders and all Couponholders and, if so binding, (in the absence of manifest error) no liability to the Issuer or the Noteholders of any Class or the Couponholders shall attach to the Reference Banks, the Calculation Agent, the Collateral Administrator or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

6. Redemption and Purchase

(a) *Final Redemption*

Save to the extent previously redeemed and cancelled, the Notes of each Class will be redeemed at their applicable Redemption Price on the earlier of the Stated Maturity of such Notes and,

after the end of the Reinvestment Period, the day on which the Aggregate Principal Balance of the Collateral Debt Securities is reduced to zero. Notes may not be redeemed other than in accordance with this Condition 6.

(b) *Mandatory Redemption upon Breach of Coverage Tests*

If any Senior Coverage Test is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds Distribution Amounts and Uninvested Proceeds net of amounts payable pursuant to paragraphs (A) to (H) of the Interest Proceeds Priority of Payments will be used, in accordance with the Interest Proceeds Priority of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis, until, in the case of the Senior Overcollateralisation Ratio Test, the Senior Overcollateralisation Ratio Test is satisfied if recalculated following such redemption and in the case of the Senior Interest Coverage Ratio Test, to the extent of the amount that would have caused the Senior Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date and to the extent that either of such Senior Coverage Tests is not satisfied following the payment of such Interest Proceeds Distribution Amounts and Uninvested Proceeds, Principal Proceeds will be used, in accordance with the Principal Proceeds Priority of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis, until, in the case of the Senior Overcollateralisation Ratio Test, the Senior Overcollateralisation Ratio Test is satisfied if recalculated following such redemption, and, in the case of the Senior Interest Coverage Ratio Test, to the extent of the amount that would have caused the Senior Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date.

If any of the Class C Coverage Test is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds Distribution Amounts and Uninvested Proceeds net of amounts payable pursuant to paragraphs (A) to (K) of the Interest Proceeds Priority of Payments will be used, in accordance with the Interest Proceeds Priority of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes (including the Class C Component any relevant Combination Notes, as applicable) in whole or in part on a *pro rata* basis, until, in the case of the Class C Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test is satisfied if recalculated following such redemption or, in the case of the Class C Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class C Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date and, to the extent that either of such Class C Coverage Tests is not satisfied following the payment of such Interest Proceeds Distribution Amounts and Uninvested Proceeds, Principal Proceeds will be used, in accordance with the Principal Proceeds Priority of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes (including the Class C Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis, until, in the case of the Class C Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test is satisfied if recalculated following such redemption and in the case of the Class C Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class C Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date.

If any Class D Coverage Test is not satisfied on any Determination Date falling on or after the

Ramp-Up Effective Date, Interest Proceeds Distribution Amounts and Uninvested Proceeds net of amounts payable pursuant to paragraphs (A) to (N) of the Interest Proceeds Priority of Payments will be used, in accordance with the Interest Proceeds Priority of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes (including the Class C Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes (including the Class D Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis, until, in the case of the Class D Overcollateralisation Ratio Test, the Class D Overcollateralisation Ratio Test is satisfied if recalculated following such redemption or, in the case of the Class D Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class D Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date and, to the extent that either of such Class D Coverage Tests is not satisfied following the payment of such Interest Proceeds Distribution Amounts and Uninvested Proceeds, Principal Proceeds will be used, in accordance with the Principal Proceeds Priority of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes (including the Class C Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes (including the Class D Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis, until, in the case of the Class D Overcollateralisation Ratio Test, the Class D Overcollateralisation Ratio Test is satisfied if recalculated following such redemption and in the case of the Class D Interest Coverage Ratio Test to the extent of the amount that would have caused the Class D Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date.

(c) *Mandatory Redemption upon Rating Withdrawal*

If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds Distribution Amounts, Uninvested Proceeds and Principal Proceeds will, in accordance with the relevant Priorities of Payment, be applied on each following Payment Date to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes (including the Class C Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes (including the Class D Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis, in each case, until fully redeemed or, if earlier until the Rating Agencies confirm that each such rating of the Rated Notes is reinstated.

(d) *Mandatory Redemption following expiry of the Reinvestment Period and during the suspension of the Reinvestment Period*

Following expiry of the Reinvestment Period and during the suspension of the Reinvestment Period, Principal Proceeds will, in accordance with the Post-Reinvestment Period Principal Proceeds Priority of Payments, be applied on each Payment Date to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes (including the Class C Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes (including the Class D Component of any Combination Notes, as applicable) in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Subordinated Notes (including the Subordinated

Components of any Combination Note, as applicable) in whole or in part on a *pro rata* basis.

(e) *Optional Redemption of Senior Notes and Mezzanine Notes*

Subject to Condition 6(j), on any Payment Date after the Non-Call Period, the Senior Notes and the Mezzanine Notes (including the relevant Components of any Combination Notes, as applicable) shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66 ⅔ per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes (including holders of the relevant Components of the Combination Notes, as applicable).

(f) *Optional Redemption of Subordinated Notes*

On any Payment Date on or after payment in full of the Senior Notes and the Mezzanine Notes (including the relevant Components of the Combination Notes, as applicable), the Subordinated Notes (including the Subordinated Component of any relevant Combination Notes, as applicable) shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66 ⅔ per cent. of the Aggregate Principal Amount Outstanding of the Subordinated Notes (including holders of the Subordinated Components of the Combination Notes, as applicable).

(g) *Optional Redemption of Notes*

Subject to Condition 6(j), on any Payment Date after the Auction Call Date, the Notes (including the Components of the Combination Notes, as applicable) shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by any Noteholder (including any holder of the Components of the Combination Notes and irrespective of the percentage of the Aggregate Principal Amount Outstanding of Notes held by such Noteholder).

(h) *Optional Redemption Upon Withholding Tax Event*

Subject to Condition 6(j), on any Payment Date, the Notes (including the Components of the Combination Notes, as applicable) shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date (a) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes (including the relevant Components of the Combination Notes, as applicable) following the occurrence of a Collateral Tax Event, or (b) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Controlling Class of Notes (including the relevant Components of the Combination Notes, as applicable) following the occurrence of a Note Tax Event.

A "**Collateral Tax Event**" is the introduction of a new, or any change in any tax, statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in payments due from the issuers or obligors of any Collateral Debt Securities representing in excess of 5 per cent. of the Aggregate Principal Balance becoming subject to the imposition of any withholding tax which withholding tax is not compensated for by a "gross-up" provision in the terms of the Collateral Debt Security that holds the holder completely harmless from the full amount of such withholding tax on an after tax basis.

A "**Note Tax Event**" is the introduction of a new, or any change in any tax, statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date or Single Draw Note Payment Date result in) any payment of principal or interest on the Senior Notes, the Mezzanine Notes and/or the Subordinated Notes becoming subject to any withholding tax.

A "**Withholding Tax Event**" means each of a Collateral Tax Event and a Note Tax Event.

(i) *Redemption of the Combination Notes*

For the avoidance of doubt, a Combination Note shall be deemed redeemed in whole on the day its Components have been redeemed in whole, regardless of whether or not there is any related Combination Notes Nominal Amount Outstanding.

Any proceeds of the optional redemption of the Notes to which the Components relate (if applicable) will be passed through to the holders of each Combination Note on the related Payment Date to the extent of the proportion that the principal amount of such Components bears to the principal amount of the relevant Class that is to be redeemed.

(j) *Conditions to Optional Redemption*

The Issuer shall not redeem any Notes as contemplated by Conditions 6(e), 6(g) or 6(h), unless at least four Business Days before the proposed Redemption Date the Collateral Manager has provided the Trustee with evidence, in form satisfactory to the Trustee, that the Investment Board (acting on behalf of the Issuer) has entered into a binding agreement or agreements with a financial institution or institutions (i) whose short-term unsecured, unsubordinated and unguaranteed debt obligations have a credit rating of at least "P-1" by Moody's, "A-1" by S&P and "F1" by Fitch, or (ii) if no such ratings are available, in respect of which the Rating Agency Confirmation has been obtained, to sell, not later than the Business Day immediately preceding the proposed Redemption Date, against payment of the purchase price in immediately available funds, all or part of the Collateral Debt Securities, the net proceeds of which, together with the Eligible Investments maturing on or prior to the Redemption Date, the aggregate balance standing to the credit of each of the Accounts and all other amounts to be received under the Hedge Agreement or from the Collateral Debt Securities on or prior to such Redemption Date shall be equal to or greater than the amounts payable under paragraphs (A) to (K) of the Post-Reinvestment Period Principal Proceeds Priority of Payments (the "**Total Redemption Amount**").

(k) *Notice of Optional Redemption*

The Trustee shall, within two Business Days of receipt of a Redemption Notice, give notice thereof to the Collateral Manager, the Issuer, the Investment Board, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider, each Agent and, so long as any of the Notes are listed on the Irish Stock Exchange and the rules of that exchange so requires, the Irish Stock Exchange (whereupon the Principal Paying Agent shall notify the Noteholders in accordance with Condition 15).

(l) *Mechanics of Redemption*

Following calculation by the Collateral Administrator of the applicable Total Redemption Amount in respect of Conditions 6(e), 6(g) or 6(h), the Collateral Administrator shall make such other calculations by no later than 7 Business Days before the proposed Redemption Date as it is required to make pursuant to the Collateral Administration Agreement and shall notify the Issuer, the Trustee, the Collateral Manager, the Investment Board and each Paying Agent, whereupon the Principal Paying Agent shall notify the Noteholders (in accordance with Condition 15) of such amounts.

The Issuer shall liquidate or procure the liquidation and/or realisation of the Portfolio in accordance with the Collateral Management Agreement and the Investment Board Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with this Condition in the Principal Collection Account on or before the Business Day prior to the Redemption Date. Principal Proceeds and Interest Proceeds received in connection with such redemption shall be payable in accordance with the Post Reinvestment-Period Principal Proceeds Priority of Payments, as set out in Condition 3(b)(v).

(m) *Purchase of Notes by the Issuer*

The Issuer may not purchase any of the Notes at any time.

(n) *Cancellation*

All Notes redeemed in full in accordance with this Condition will be cancelled, together with any unmatured Coupons and any Talons relating to them which are attached to them, and may not be reissued or resold. Cancellation of any Bearer Note represented by a Global Bearer Note

and required by these Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Bearer Note.

All Class A1 Single Draw Notes in respect of which there is no outstanding Funding as at the end of the Reinvestment Period will be cancelled and may not be reissued or resold.

7. Payments

(a) *Method of Payment*

Payments of principal in respect of the Bearer Notes will be made against presentation for endorsement and (in the case of final redemption, provided that payment is made in full) surrender of the Bearer Notes at the specified office of any Paying Agent. Payments of interest in respect of the Bearer Notes will be made against presentation for endorsement and (provided that payment is made in full) surrender of the relevant Coupons, at the specified office of any Paying Agent. On the date on which any Bearer Note becomes due and payable in full, unmaturing Coupons and Talons appertaining thereto (whether or not attached to such Bearer Note) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption for any Bearer Note is not a Payment Date, accrued interest will be paid only against presentation and surrender of the relevant Bearer Note.

Payments of principal, interest and commitment fees in respect of Registered Notes will be made by transfer to the account or to the order of the Noteholder details of which appear in the Register on the Record Date or by cheque mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and interest due on a Payment Date or a Single Draw Note Payment Date in respect of Registered Notes will be paid to, or to the order of, the holder shown on the Register on the Record Date.

Payments in respect of the Notes will be made in euro by cheque or, at the option of the Noteholder, by transfer to a euro account maintained by the payee, provided that payments in respect of Global Bearer Notes shall be made by wire transfer of same day funds to, or to the order of, Euroclear and Clearstream, Luxembourg, as relevant, for credit to the relevant participants in Euroclear and Clearstream, Luxembourg for subsequent transfer to the relevant Noteholders. All payments in respect of any Global Bearer Note made by the Issuer or one of its Agents (on its behalf) to, or to the order of, Euroclear or Clearstream, Luxembourg, as relevant, shall discharge the liability of the Issuer under such Global Bearer Note to the extent of the sums so paid.

(b) *Payments to be made outside the United States*

The Paying Agents shall make all payments on the Notes only outside the United States and its possessions, and shall make no payment of interest in respect of any Note represented by a Temporary Global Bearer Note unless the Issuer first receives a certification of non-U.S. beneficial ownership (substantially in the form set out in Exhibit B to Schedule 1 (*Form of Temporary Global Bearer Note*) to the Agency Agreement). In the case of the Class A1 Delayed Draw Notes, the Issuer shall receive a certification of non-U.S. beneficial ownership (substantially in the form set out in Exhibit 1 to Schedule 6 (*Form of Definitive Registered Note*) to the Agency Agreement) prior to the delivery of any Class A1 Delayed Draw Note on the Closing Date.

(c) *Recording and Endorsement on the Notes*

A record of each payment made in respect of a Global Bearer Note in accordance with the Conditions shall be endorsed on the related Exhibit of such Global Bearer Note by the Principal Paying Agent. Such endorsement shall be *prima facie* evidence that such payment has been made in respect of such Global Bearer Note.

On each occasion on which:

- (i) Notes represented by a Global Bearer Note are to be redeemed and cancelled in accordance with Condition 6; or
- (ii) with respect to a Temporary Global Bearer Note, the related Permanent Global Bearer Note is delivered or the principal amount of such Permanent Global Bearer Notes is

increased in accordance with its terms in exchange for all or part of such Temporary Global Bearer Note in accordance with Condition 2(a); or

- (ii) Definitive Bearer Notes are delivered in exchange for a Global Bearer Note in accordance with Condition 2(g),

the Issuer shall procure that (a) (i) the aggregate Principal Amount Outstanding of Notes so redeemed or (ii) in the case of a Temporary Global Bearer Note, the Principal Amount of such increase or (iii) in the case of a Temporary Global Bearer Note, the Permanent Global Bearer Note so delivered or (iv) in the case of a Permanent Global Bearer Note, the Principal Amount Outstanding of the Definitive Bearer Notes so delivered (as the case may be) and (b) the remaining Principal Amount Outstanding (if any) of such Global Bearer Note (which shall be the previous principal amount thereof less the aggregate of the amounts referred to in (a)) are recorded and endorsed by the Principal Paying Agent on the relevant Exhibit to such Global Bearer Note, whereupon the Principal Amount Outstanding of such Global Bearer Note shall for all purposes be as most recently so recorded.)

On each occasion on which any further portion of the Temporary Global Bearer Note of the relevant Class is exchanged for an interest in a Permanent Global Bearer Note, the Principal Amount Outstanding of the such Permanent Global Bearer Note shall be increased by the amount of such further portion and the Issuer shall procure that the Principal Amount Outstanding of such Permanent Global Bearer Note (which shall be the previous principal amount thereof plus the amount of such further portion) is recorded and endorsed by the Principal Paying Agent on Exhibit C to such Permanent Global Bearer Note, whereupon the Principal Amount Outstanding of such Permanent Global Bearer Note shall for all purposes be as most recently so recorded.

On the Class A1 Consolidation Date, the Principal Paying Agent shall endorse the Permanent Global Bearer Note representing the Class A1 Term Notes in order to increase the Principal Amount Outstanding shown on the face of such Permanent Global Bearer Note by an amount equal to the Principal Amount Outstanding of the Class A1 Delayed Draw Notes immediately prior to the Class A1 Consolidation Date, whereupon the Class A1 Delayed Draw Notes will be consolidated with, and be treated by the Issuer as identical in all respects as the Class A1 Term Notes.

On each occasion on which any Combination Note is exchanged for an interest in a Permanent Global Bearer Note in accordance with the Conditions and upon receipt by the Issuer and the Principal Paying Agent of the related certificate in the form specified in Exhibit D (*Form of Certificate to Exchange Combination Notes for Related Components*) to such Permanent Global Bearer Note, the Principal Amount Outstanding of such Permanent Global Bearer Note shall be increased accordingly and the Issuer shall procure that the Principal Amount of such Permanent Global Bearer Note (which shall be the previous principal amount thereof plus the relevant amount relating to such exchange) is recorded and endorsed by the Principal Paying Agent on Exhibit C to such Permanent Global Bearer Note, whereupon the Principal Amount Outstanding of such Permanent Global Bearer Note shall for all purposes be as most recently so recorded.

Upon any payment of principal in respect of a Definitive Bearer Note, the details of such payment shall be recorded by or on behalf of the Issuer on the grid on the reverse of such Definitive Bearer Note and the Principal Amount Outstanding of such Definitive Bearer Note shall be reduced for all purposes by the amount so paid and recorded.

- (d) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission shall be charged to the Noteholders.

- (e) *Business Days*

In these Conditions, a "**Business Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Trustee to be a suitable replacement) ("**TARGET**") is open (a "**TARGET Day**"), and a day on which banks settle

payments and are open for business in London and Luxembourg or, if such TARGET Day is not a day on which banks settle payments and are open for business in London and Luxembourg, the next succeeding TARGET Day on which banks settle payments and are open for business in London and Luxembourg and, for the purposes of the definition of "**Presentation Date**", a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation.

(f) *Payments on Presentation Days*

A holder shall only be entitled to payment in respect of a Note on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

"**Presentation Date**" means a day which (subject to Condition 11):

- (i) is a Business Day;
- (ii) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of the specified office of the relevant Paying Agent, is or falls after the next following Business Day which is a Business Day in the place of the specified office of the relevant Paying Agent; and
- (iii) is a day on which the account (if any) specified by the payee is open.

If a Bearer Note or a Coupon is presented for payment or a payment in respect of a Registered Note is requested at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged to do so but shall be obliged to transfer the relevant amount to the account for value on the first Business Day practicable after the Presentation Date.

(g) *Payments on Combination Notes*

On each Payment Date on which payments of principal or interest are made on any Class of Notes that is represented by a Component, such payments shall be allocated to the Combination Notes in the proportion that the principal amount Outstanding of such Component bears to the principal amount Outstanding of the Class of Notes represented by such Component (including the relevant Component). No other payments shall be made on a Combination Note.

(h) *Exchange of Talons*

On or after the Payment Date of the final Coupon which is (or was at the time of issue) part of any coupon sheet relating to the Bearer Notes (each a "**Coupon Sheet**"), the Talon which is (or was at the time of issue) part of such Coupon Sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon Sheet (including a further Talon, if applicable, but excluding any Coupons which shall have become void). Upon the due date for redemption in full of any Bearer Note, any unexpired Talon relating to it shall become void and no Coupons will be delivered in respect of such Talon.

(i) *Paying Agents*

The Principal Paying Agent is Deutsche Bank AG, London Branch whose specified office, at the date hereof, is at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. The Irish Paying Agent is Deutsche International Corporate Services (Ireland) Limited, whose specified office, at the date hereof, is at 5, Harbourmaster Place, IFSC, Dublin, Ireland. The Issuer may from time to time, with the prior written approval of the Trustee, vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that each of the Paying Agents shall act out of its specified office in London or Ireland as specified by the Issuer and that the Issuer shall, whilst any of the Notes remain listed on the Irish Stock Exchange, maintain a Paying Agent in Ireland and provided further that any paying agent shall make payments on the Notes from outside the United States and its possessions. Any such variation, termination or appointment shall only take effect (other than in the case of insolvency of a Paying Agent, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Noteholders in accordance with Condition 15.

8. Taxation

All payments in respect of the Notes and the Coupons 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 Paying Agent is required by applicable law to make any payment in respect of the Notes or the Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. 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 the Paying Agents will be obliged to make any additional payments to holders of Notes or Coupons in respect of any such withholding or deduction.**

9. Events of Default

(a) *Events of Default*

The occurrence of any of the following events shall constitute an "**Event of Default**":

- (i) *Non-payment of principal*: subject to Condition 3(c), the Issuer fails to pay any principal when the same becomes due and payable on any Note (save as the result of any deduction therefrom or the imposition of a withholding thereon in the circumstances described in Condition 8) which default continues for a period of two or more Business Days;
- (ii) *Non-payment of interest*: subject to Condition 3(c), the Issuer fails to pay any interest on any Class A Note or Class B Note, when the same becomes due and payable (save as the result of any deduction therefrom or the imposition of a withholding thereon in the circumstances described in Condition 8), which default continues for a period of two or more Business Days;
- (iii) *Non-payment of Commitment Fees*: subject to Condition 3(c), the Issuer fails to pay any of the Class A1 Delayed Draw Notes Commitment Fee or the Class A1 Single Draw Notes Commitment Fee when the same becomes due and payable which failure continues for a period of two or more Business Days;
- (iv) *Default under Interest Proceeds Priority of Payments and/or Principal Proceeds Priority of Payments*: other than a failure already referred to in paragraph (i), (ii) or (iii) above, the Issuer fails on any Payment Date to disburse amounts available in the Payment Account, the Initial Proceeds Account, the Interest Collection Account, the Principal Collection Account or, only in respect of the Final Payment Date, the Subordinated Collateral Management Fee Account in accordance with the Interest Proceeds Priority of Payments and/or Principal Proceeds Priority of Payments, as the case may be, which failure continues for a period of two Business Days;
- (v) *Overcollateralisation Ratio*: on any Measurement Date, the Event of Default Overcollateralisation Ratio falls below 100 per cent.;
- (vi) *Breach of Other Obligations*: the Issuer (A) does not perform or comply with any other material covenants, warranties or other agreements of the Issuer under the Notes, the Coupons or any of the Transaction Documents (other than a covenant, warranty or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition and other than the failure to meet any Coverage Test, any Collateral Quality Test or any of the Eligibility Criteria or Portfolio Criteria), or (B) any material representation, warranty or statement of the Issuer made in the Trust Agreement or in any certificate or other writing delivered pursuant thereto or in connection therewith is not correct in all material respects when the same shall have been made (all the requirements set out under (A) or (B) as determined by the Trustee in its discretion), and the continuation of such default, breach or failure for a period of 30 days after notice thereof shall have been given by registered or certified mail or overnight courier, to the Issuer by the Trustee specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;
- (vii) *Insolvency Proceedings*: (A) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (C) below, ceasing or,

through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business; or (B) the Issuer being unable to pay its debts as and when they fall due; or (C) an order being made or an effective resolution being passed for the winding up (*liquidation volontaire*) 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 Trustee in writing or by an Extraordinary Resolution of the Noteholders of each Class; or (D) any steps being taken against the Issuer relating to insolvency (including bankruptcy (*faillite*), insolvency, its voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally); or (E) any event occurs which under any applicable laws has an analogous effect to any of the events referred to in paragraphs (A), (B), (C) and (D) above;

- (viii) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes;
- (ix) *Failure to grant Security*: the failure by the Issuer to grant to the Trustee a first priority security interest in or other lien on the Collateral Debt Securities or the Eligible Investments;
- (x) *Final Judgements*: since the Closing Date the rendering of one or more final judgments against the Issuer that exceed €5 million in aggregate and which remain unstayed, undischarged and unsatisfied for 30 days, unless adequate funds have been reserved or set aside for the payment thereof; or
- (xi) *Taxes, fees and assessments*: the imposition of taxes, fees, assessments or other similar charges against the Issuer by any tax authority or any other Person, accrued, in connection with the Notes, and which is in excess of €1 million in respect of any 12-month period.

For the purposes of (i), (ii) and (iii) above, interest on the Senior Notes or principal due and payable on any Note and the Class A1 Delayed Draw Notes Commitment Fee or the Class A1 Single Draw Notes Commitment Fee, as applicable, due and payable on the Class A1 Delayed Draw Notes or the Class A1 Single Draw Notes, respectively, shall be determined as if Condition 4(b) (*Limited Recourse*) did not apply.

(b) *Acceleration*

- (i) If an Event of Default occurs and is continuing the Trustee shall, if so directed by an Extraordinary Resolution of the holders of the Controlling Class at such time (including holders of the relevant Components of the Combination Notes, as applicable) (subject to being indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), give notice (an "**Enforcement Notice**") to the Issuer that all the Notes are to be immediately due and payable.
- (ii) Upon any Enforcement Notice being given to the Issuer in accordance with paragraph (i) of Condition 9(b) all of the Notes shall immediately become due and repayable at their applicable Redemption Prices without any further action by any Person.

(c) *Curing of Default*

At any time after an Enforcement Notice is given and prior to enforcement of the security pursuant to Clause 4.4 of the Trust Agreement, the Trustee, if so directed by an Extraordinary Resolution of the Controlling Class at such time (including holders of the relevant Components of the Combination Notes, as applicable), shall (subject to being indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) rescind and annul such notice and its consequences if:

- (i) the Issuer has paid a sum sufficient to pay:
 - (A) all overdue payments of principal and interest on the Notes other than the Subordinated Notes and the Subordinated Components of any Combination Notes, as applicable, and all overdue payments of any commitment fees in respect of the Class A1 Notes;
 - (B) all due but unpaid taxes and filing fees owing by the Issuer as certified by an Authorised Officer of the Issuer to the Trustee;
 - (C) all accrued and unpaid Collateral Management Fees owing to the Collateral Manager, all accrued and unpaid Investment Board Fees owing to the Investment Board Provider, all unpaid Placement Instalments owing to the Notes Placement Agent, all Administrative Expenses incurred by the Issuer and all accrued and unpaid fees and expenses incurred by the Trustee or any appointee thereof; and
 - (D) all amounts due and payable under the Hedge Agreement and the Liquidity Facility Agreement; and
 - (E) an amount equal to any amount of Principal Proceeds that have been used since the Closing Date for the payment of the purchase price of Collateral Debt Securities to the extent such purchase price included accrued interest.
- (ii) the Trustee has determined that all Events of Default, other than the non-payment of principal in respect of the Notes that have become due solely as a result of the acceleration thereof under Condition 9(b) due to such Events of Default, have been cured or waived by the persons or entities to whom the relevant payments are owed.

Any previous rescission and annulment of a notice of acceleration pursuant to this Condition shall not prevent the subsequent acceleration of the Notes in accordance with Condition 9(b)(i) as described above if the Trustee is subsequently directed to do so.

- (d) *Restriction on Acceleration of Notes*
No acceleration of the Notes shall be permitted pursuant to this Condition at the direction of any Class of Noteholders other than the holders of the Controlling Class as provided in Condition 9(b).
- (e) *Notification of Default*
The Issuer shall give notice to the Noteholders in accordance with Condition 15 and shall give notice in writing to the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Agents, the Liquidity Facility Provider, the Hedge Counterparty, the Notes Placement Agent and the Rating Agencies promptly upon becoming aware of the occurrence of a Potential Event of Default or an Event of Default (unless such Event of Default has already been cured or waived to the Trustee's satisfaction). If the Issuer fails to give such notice and the Trustee has actual knowledge of such failure and of such Potential Event of Default or Event of Default, the Trustee shall give such notice.

10. Enforcement

- (a) *Enforcement of the Security*
Upon the occurrence of an Event of Default and acceleration pursuant to Condition 9 above, any proceeds of the collection of payments on or sale of the Mortgaged Property, or the enforcement of the Trustee's security interest granted in respect thereto, shall be disbursed only in accordance with the Enforcement Priority of Payments pursuant to Clause 4.4 of the Trust Agreement.
- (b) *Purchase of Collateral by Noteholders*
Upon any sale of any part of the Mortgaged Property following the occurrence of an Event of Default any Noteholder may (but shall not be obliged to) bid for and purchase the Mortgaged Property or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Mortgaged Property where the amount due and

payable to such Noteholder in respect of such Notes pursuant to the Enforcement Priority of Payments, as determined by the Collateral Administrator, out of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

11. Prescription

The presentation period for a Bearer Note provided in § 801(1), sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall end (i) in respect of principal, ten years after the date on which the last payment of principal in respect of the Notes represented by such Bearer Note was due, and (ii) in respect of interest, five years after the date on which the last payment of interest in respect of the Notes represented by such Bearer Note was due.

The obligations of the Issuer to pay principal and interest in respect of the Registered Notes shall be prescribed (i) in respect of principal upon the expiry of ten years following the appropriate Relevant Date for the payment of principal, and (ii) in respect of interest upon the expiry of five years following the appropriate Relevant Date for the relevant payment of interest.

12. Meetings of Noteholders

The Trust Agreement contains provisions regarding meetings of the Noteholders of each Class to exercise rights granted to such Noteholders under these Conditions. Any rights of Noteholders to convene meetings pursuant to applicable law shall remain unaffected by those provisions. The provisions of articles 86 to 97 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, will not apply in respect of the Notes.

13. Substitution

(a) General

If the Issuer satisfies the Trustee that it has or will on the occasion of the next Payment Date or Single Draw Note Payment Date, as the case may be, become obliged to withhold or account for tax so that it would be unable to make payments of the full amount that would otherwise be due, but for the imposition of such tax, the Issuer (with the consent of the Trustee, such consent not to be unreasonably withheld) shall use all reasonable endeavours (i) to arrange for the substitution of a company incorporated in another jurisdiction (the "**New Issuer**") that the Trustee confirms would not be materially prejudicial to the interests of Noteholders, subject to satisfaction of the conditions set out in Condition 13(b) below as the principal obligor under the Notes, or (ii) to change its residency for taxation purposes if so permitted by applicable law, provided that Conditions 13(b) – 13(d) shall apply *mutatis mutandis*. The Issuer shall also have the right to arrange for such substitution or change of tax residency in the interest of the Noteholders in the case of a change in law, tax or accounting practice, or in the administration or application of the same, or where the Issuer is, or where any of the transactions contemplated by the Transaction Documents are, subject to tax in a manner not contemplated as at the date hereof, or in case the Issuer is materially restricted from performing its obligations under any Transaction Document to which it is a party, provided in each case that the interests of the Noteholders (in the opinion of the Trustee) are materially prejudiced thereby. Any such substitution or change of residency for taxation purposes shall be binding on the Noteholders and the Couponholders.

Notwithstanding the above, if any taxes referred to in this Condition arise:

- (i) due to the connection of any Noteholder or Couponholder with Luxembourg otherwise than by reason only of the holding of any Note or Coupon or receiving principal or interest in respect thereof;
- (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
- (iii) as a result of presentation of payment by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the Notes or Coupons to another Paying Agent in a European Union member state,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for

taxation purposes shall not apply.

(b) *Conditions of Substitution*

Any substitution of the Issuer shall be subject to the satisfaction of the following conditions:

- (i) the New Issuer has expressly consented to such substitution and assumes all rights and duties of the Issuer in respect of the Notes and under the Transaction Documents and the Mortgaged Property is, upon the Issuer's substitution, held by the Trustee to secure the obligations of the New Issuer under the Notes and the other Secured Obligations or, as applicable, the Trustee Claim in respect thereof;
- (ii) the New Issuer has obtained all necessary authorisations, governmental approvals in the country in which it has its registered office and is in a position to fulfil all its obligations in respect of the Notes without discrimination against the Noteholders in their entirety;
- (iii) the New Issuer can make payments in euro and in at least one Eligible Currency other than euro without being obliged to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the New Issuer has its domicile or tax residence of all amounts required for the fulfilment of the payment obligations arising under the Notes and the substitution shall not result in any withholding or deduction of taxes on the amounts payable under the Notes or in any income tax liability of the Issuer which would have not arisen were there no such substitution;
- (iv) the Trustee and the Paying Agent(s) shall have received a legal opinion (in form and substance satisfactory to the Trustee) of legal counsel of recognised standing for each jurisdiction affected by the substitution to the effect that paragraphs (i) through (iii) above have been satisfied and that no additional expenses (other than those directly associated with such substitution) arise for the Issuer or legal disadvantages of any kind arise for the Noteholders from the substitution;
- (v) Rating Agency Confirmation has been obtained in respect of all Rated Notes in connection with such substitution; and
- (vi) the Issuer and the New Issuer enter into such agreements and execute such documents as the Trustee or the Rating Agencies consider necessary for the effectiveness of the substitution.

Upon fulfilment of the above conditions, the New Issuer shall in every respect substitute the Issuer and the Issuer shall be released *vis-à-vis* the Noteholders from all its obligations as issuer of the Notes and party to the other Transaction Documents. For the purposes of Article 1275 of the Luxembourg Civil Code (so far as applicable), by subscribing to, or purchasing, or otherwise acquiring any Note, a Noteholder expressly and specifically consents to the substitution of the Issuer where the Trustee has given its consent pursuant to this Condition.

(c) *Notice of Substitution*

The New Issuer shall give notice of the substitution to the Noteholders and to the Transaction Creditors pursuant to Condition 15 with a copy to the Irish Stock Exchange. Upon the substitution, the New Issuer shall prepare a supplement to the Prospectus in accordance with the rules of the Irish Stock Exchange and, with respect to such supplement, take all measures then required by the rules of the Irish Stock Exchange in respect of such substitution.

(d) *Effects of Substitution*

Upon the substitution, each reference to the Issuer in the Conditions shall from then on be deemed to be a reference to the New Issuer and any reference to the country in which the Issuer has its registered office, domicile or residency for tax purposes, as relevant, shall from then on be deemed to be a reference to the country in which the New Issuer has its registered office, domicile or residency for tax purposes, as relevant.

14. The Trustee

The Trust Agreement and the English Security Deed each contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions

relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Agreement or the Security Agreements, unless indemnified and/or secured to its satisfaction against all liabilities it may incur as a result thereof. There shall at all times be a Trustee. The Trust Agreement provides that the retirement or removal of the Trustee shall not become effective unless and until a replacement Trustee is appointed.

15. Notices

All notices regarding the Bearer Notes shall be given by publishing such notice in a leading English language daily newspaper having general circulation in Ireland (which is expected to be the *Irish Times*) or, if this is not practicable, in another leading English language newspaper as the Trustee shall approve having general circulation in Ireland. 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 is made in the manner required in the newspaper referred to above. For so long as any Bearer Notes are represented by a Global Bearer Note and such Global Bearer Note is held by a common depositary as custodian on behalf of a Clearing System, notices to the holders of such Bearer Notes may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled account holders in substitution for publication or by delivery of the relevant notice to the holder of such Global Bearer Note.

The Couponholders and Talonholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

All notices regarding the Registered Notes shall be given by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day (or, if posted to an overseas address, the seventh day) after mailing. Funding Requests shall be given by email to the address noted in the Register in respect of the relevant Noteholder.

For so long as any Notes are listed on the Irish Stock Exchange and the rules of that stock exchange so require, notices shall be forwarded to the Companies Announcement Office of the Irish Stock Exchange no later than the date of despatch of such notice to holders of Notes.

16. Additional Issuances

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the existing Classes of Notes (other than any Class of Combination Notes and the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) (the "**Further Notes**"), and will use the proceeds of the issue thereof to purchase additional Collateral Debt Securities and, if applicable, enter into additional Collateral Interest Rate Swaps in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Securities, provided further that the following conditions are met:

- (a) such Further Notes must be issued for cash and the net proceeds invested in Collateral Debt Securities or, pending such investment, deposited in the Principal Collection Account or, if prior to the end of the Reinvestment Period, in the Initial Proceeds Account and invested in Eligible Investments;
- (b) such Further Notes must be of each Class of Notes then outstanding and issued in a proportionate amount among the Classes so that the respective proportions of the Aggregate Principal Amount Outstanding of the Classes of Notes existing immediately prior to such issuance remain unchanged following such additional issuance;
- (c) save to the extent otherwise provided below, the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Further Notes must be identical to the terms of the Senior Notes (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes), the Mezzanine Notes or the Subordinated Notes, as the case may be and consolidated so as to form a single series with, and rank *pari passu* with, the relevant Class of Notes;
- (d) the Rating Agency Confirmation will be obtained in respect of all Rated Notes before such further issuance;

- (e) the holders of the Subordinated Notes (including the Subordinated Component of any Combination Notes, as applicable) shall have been notified in writing 30 days prior to such further issuance and shall have been afforded the opportunity to purchase further subordinated notes in an amount not to exceed the percentage of the Subordinated Notes each holder held immediately prior to the issuance of such further subordinated notes and on the same terms offered to investors generally;
- (f) such further issuance is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Luxembourg;
- (g) such further Senior Notes (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes), Mezzanine Notes and Subordinated Notes shall be debt for Luxembourg corporate tax purposes and payments thereon can be made free from Luxembourg withholding tax;
- (h) the Issuer assigns to the Trustee (for the benefit of the Noteholders) all its rights and claims arising under or in connection with such Further Notes and the relevant transaction documents pertaining to such Further Notes; and
- (i) the Collateral Quality Tests are satisfied on the day of such further issuance.

17. Combination Notes

Except as otherwise expressly provided in the Conditions, the Components of each Combination Note will be treated as Notes of the Classes represented by such Components for the purposes of requests, demands, authorisations, directions, notices, consents, waivers or other actions. The Combination Noteholders shall be entitled to vote in respect of each Class of Notes related to a Component of such Combination Notes, in the proportion that the principal amount Outstanding of such Component bears to the Principal Amount Outstanding of the relevant Class of Notes.

18. Replacement of Certificates, Bearer Notes, Coupons and Talons

Unless otherwise provided by applicable mandatory law, if any Bearer Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any of the Paying Agents upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the relevant Paying Agent may reasonably require.

Unless otherwise provided by applicable mandatory law, if any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the Registrar may reasonably require.

Mutilated or defaced Certificates, Bearer Notes, Coupons or Talons must be surrendered before replacements will be issued.

19. Governing Law

- (a) *Governing Law*
The Notes and all of the rights and obligations of the Noteholders and the Issuer under the Notes shall be governed by the laws of the Federal Republic of Germany.
- (b) *Jurisdiction*
The place of jurisdiction for any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") shall be the District Court (*Landgericht*) in Frankfurt am Main (non-exclusive jurisdiction). The German courts shall have exclusive jurisdiction over the annulment of the Global Bearer Notes, Certificates, Coupons or Talons in the event of their loss or destruction.
- (c) *Agent for Service of Process*
For service of process relating to any Proceedings in connection with the Conditions of the Notes, the Issuer has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the Closing Date at Bockenheimer

Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its authorised agent for service of process in relation to any legal proceedings before a German court.

**REGULATIONS CONCERNING THE TRANSFER; EXCHANGE AND REGISTRATION OF
THE CLASS A1 SINGLE DRAW AND CLASS A1 DELAYED DRAW NOTES (PART 1 OF
ANNEX A TO THE CONDITIONS)**

The following are the regulations concerning the transfer, exchange and registration of the Class A1 Single Draw Notes and Class A1 Delayed Draw Notes that are attached as Part 1 of Annex A to the Conditions and constitute an integral part thereof.

1. The Notes of each Class of Registered Notes will be issued in the applicable denominations set out in the Conditions (an *authorised denomination*). Any reference in this Annex A to a *Note* or *Notes* shall be construed so as to mean, unless the context otherwise requires, a Registered Note or any Registered Notes. These restrictions shall apply in relation to the Class A1 Delayed Draw Notes prior to the Class A1 Consolidation Date only.
2. In this Annex A, *transferor* and *transferee* shall, where the context permits or requires, include joint transferors and joint transferees and shall be construed accordingly.
3. In order for any Note to be transferred, the Certificate must be surrendered for registration, together with the form of Transfer Agreement in the form set out in Part 2 of this Annex A (including any certification as to compliance with restrictions on transfer included in such form of transfer) duly completed and signed by the transferor, the transferee, the Issuer and the Trustee, at the specified office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer.
4. No Noteholder may require the transfer of a Note to be registered during (i) the period of 15 calendar days ending on the due date for redemption (in full) of that Note, or (ii) during the period of seven calendar days ending on any Record Date.
5. No delivery or transfer of a Class A1 Delayed Draw Note may be effected unless the Issuer first receives certification of non-US beneficial ownership in substantially the form set forth as Exhibit 1 to the Form of Definitive Registered Notes (Schedule 6 of the Agency Agreement) and unless the Registrar first receives certification of non-US beneficial ownership in substantially the form set forth in Exhibit 2 to the Form of Definitive Registered Notes (Schedule 6 of the Agency Agreement).
6. Unless otherwise required by it and agreed by the Issuer, and except as provided for by Condition 16 (*Additional Issuances*) the holder of any Notes shall be entitled to receive only one Certificate in respect of its holding.
7. The joint holders of any Note shall be entitled to one Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of the joint holding.
8. Any transfer can be made for an amount of no less than the minimal denomination and no other transfer will be registered by the Registrar.
9. The Issuer and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the surrender by the Transferor of the relevant Certificate or for the delivery of any relevant Certificate at the specified office of the Registrar or by ordinary uninsured post to such address as the transferee (or, as appropriate, the transferor), may request, but such registration, transfer, issue or delivery shall be effected against payment by the transferor or the transferee of the relevant Note as the Registrar may require in respect of any charges in respect of delivery made otherwise than by uninsured mail, any taxes, duties or other governmental charges in respect of such transfer and surrender.
10. Provided a transfer of a Note is duly made in accordance with all applicable requirements and restrictions upon transfer and the Note(s) transferred are presented to the Registrar in accordance with these regulations and subject to unforeseen circumstances beyond the control of the Registrar arising, the Registrar will, within 14 days of any duly made request to register

the transfer of a Registered Note and surrender by the transferor of the relevant Certificate enter the transferee on the Register and procure the authentication and delivery by the Principal Paying Agent of a Certificate to the transferee (and, in the case of a transfer of part only of a Registered Note, a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as appropriate, the transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, the transferor) mail the Certificate to such address as the transferee (or, as appropriate, the transferor) may request, or, alternatively, in the case of transfers effected through the Irish Stock Exchange, deliver the Certificate in accordance with the normal procedures and systems of such exchange.

For the purposes of Luxembourg law, ownership in respect of the Registered Notes is established (conclusively, but exclusively) by the relevant notation (*inscription*) in the copy of the Register of the holders of the Registered Notes kept at the Issuer's registered office.

12. No transfer of a Note may be effected unless such transfer is effected in accordance with the provisions of any restrictions on transfer specified in the legends set forth on the face of such Note.

FORM OF TRANSFER AGREEMENT (PART 2 OF ANNEX A TO THE CONDITIONS)

The following is the form of the Transfer Agreement which is attached as Part 2 of Annex A to the Conditions and constitutes an integral part thereof.

TRANSFER AGREEMENT

Class A1 [Single Draw] [Delayed Draw] Notes

[●Date]

EUROMAX IV MBS S.A.

Deutsche Bank Luxembourg S.A. (as Registrar)

This transfer agreement (the *Transfer Agreement*) relates to [●] [€50,000][€18,950,000] in principal amount of the €50,000][18,950,000] Class A1 Senior Secured Floating Rate [Single Draw][Delayed Draw] Notes due 2054 (the *Notes*) of EUROMAX IV MBS S.A. (the *Issuer*) represented by a Definitive Registered Note, which are registered in the name of [●] [insert name of transferor] (the *Transferor*). The Transferor has requested transfer of the above Notes to [insert name of transferee] (the *Transferee*). In connection with such request, the Transferor hereby certifies to the Issuer that such transfer or exchange has been effected in accordance with:

- (a) the transfer restrictions and transfer requirements set forth in the Conditions;
- (b) any applicable securities or other applicable laws of the United States, any state of the United States or any other jurisdiction; and
- (c) Regulation S under the Securities Act.

If administrative or legal proceedings are commenced or threatened in connection with which this Transfer Agreement is or might be relevant, the Transferor irrevocably authorises the entity to whom the Transfer Agreement is addressed to produce this Transfer Agreement or copy hereof to any interested party in such proceedings.

IT IS FURTHER AGREED as follows:

1. Interpretation and Definitions

In this Transfer Agreement, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined and expressed to be construed in the master interpretation and construction schedule, as amended from time to time, (the *Master Interpretation and Construction Schedule*) signed on or about the Closing Date by, *inter alios*, the Issuer and the Trustee shall have the same meaning and construction *mutatis mutandis* herein and Clause 2 of the Master Interpretation and Construction Schedule shall apply *mutatis mutandis* to this Transfer Agreement, *provided that* in the case of any overlap or inconsistency in the definition of a term or expression in this Agreement and in the Master Interpretation and Construction Schedule, the definition in this Agreement will prevail.

2. Transfer of Notes

- 2.1 The Transferor will transfer to the Transferee [Class A1 Single Draw Notes having a maximum nominal principal amount of ●, which as at the date hereof, have a Class A1 Funded Amount

of €] / [Class A1 Delayed Draw Notes having a maximum nominal principal amount of €, which as at the date hereof, have a Class A1 Funded Amount of €].

- 2.2 Title to the Notes will pass to the Transferee on registration of the Transferee in the Register and in the copy of the Register maintained at the registered office of the Issuer as the registered holder of such amount of the Notes as transferred pursuant to Clause 2.1 above.

3. Funding Obligations

- 3.1 Upon registration of the Transferee in the Register and in the copy of the Register maintained at the registered office of the Issuer as the holder of Notes transferred to it pursuant to this Transfer Agreement:

- (a) the Issuer hereby releases the Transferor from its obligations to provide Fundings to the Issuer as a holder of the Notes; and
- (b) the Transferee covenants to the Issuer to provide Fundings to the Issuer on the terms and subject to the conditions set out in this Transfer Agreement.

- 3.2 As at the date of this Transfer Agreement, [the amount of the Class A1 Single Draw Notes Commitment Amount is €] / [the amount of the Class A1 Delayed Draw Notes Commitment Amount is €].

4. Commitment to Fund Class A1 Delayed Draw Notes¹

4.1 Commitment

The Transferee as Class A1 Delayed Draw Noteholder agrees to pay to the Issuer the amounts up to the Class A1 Delayed Draw Notes Commitment on the terms and subject to the conditions of this Clause 4. The Transferee acknowledges that upon entry of its name and other relevant details into the Register and into the copy of the Register maintained at the registered office of the Issuer as required by the Conditions, and until registration of any further transfer of the Class A1 Delayed Draw Notes, it is the Class A1 Delayed Draw Noteholder.

4.2 Single holder

At any time prior to the Class A1 Consolidation Date there may not be more than one holder of the Class A1 Delayed Draw Notes.

4.3 Final Funding

If on the Delayed Draw Notes Final Funding Date the Class A1 Delayed Draw Notes Commitment Amount is greater than zero and on that date conditions (b) and (c) of Clause 4.4 are satisfied, the Class A1 Delayed Draw Noteholder shall, no later than on the fifth Business Day after having received notice of the occurrence of the Delayed Draw Notes Final Funding Date from the Collateral Manager, pay to the Issuer's Initial Proceeds Account an amount in cleared funds equal to the Class A1 Delayed Draw Notes Commitment Amount. Such payment shall be treated as a Funding for all purposes until the Class A1 Consolidation Date.

4.4 Funding Requests

The Transferee agrees and acknowledges that the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), shall be entitled at any time to instruct the Collateral Administrator to issue one or more Funding Requests to the holder for the time being of the Class A1 Delayed Draw Note for the purpose of using the proceeds thereof to purchase Collateral Debt Securities provided that, at the time of giving such instructions to make any such Funding Request, the following conditions are satisfied:

- (a) the Delayed Draw Notes Final Funding Date has not occurred;
- (b) no Event of Default or Potential Event of Default is continuing;
- (c) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the

¹ Delete sections 4 or 5 as applicable.

relevant Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Notes or the Class A1 Single Draw Notes); and

- (d) the sum of the cash in the Principal Collection Account and the Initial Proceeds Account does not exceed €10 million.

4.5 *Funding Procedures*

No Funding requested in respect of the Class A1 Delayed Draw Notes shall exceed the Class A1 Delayed Draw Notes Commitment Amount or be for an amount less than €500,000 and any Funding in excess thereof shall be in integral multiples of €500,000. Each Funding Request shall be substantially in the form set out in the Exhibit hereto, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) and signed by the Collateral Administrator (acting on behalf of the Issuer). All Funding Requests shall be copied to the Trustee. On or before the fifth Business Day after receipt of a Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Notes Purchase Agreement, the Class A1 Delayed Draw Noteholder shall pay the amount specified in such Funding Request to the Initial Proceeds Account in cleared funds.

4.6 *Commitment Fee*

In consideration for the Class A1 Delayed Draw Noteholder's commitment, on each Payment Date up to (and including) the Class A1 Consolidation Date, the Issuer shall pay to the Class A1 Delayed Draw Noteholder the Class A1 Delayed Draw Notes Commitment Fee subject to and in accordance with the relevant Priorities of Payment.

4.7 *Default in Funding Obligations*

The Class A1 Delayed Draw Noteholder shall indemnify and hold harmless the Issuer, its agents and directors in respect of any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) incurred as a result of a failure by it to pay an amount to the Issuer pursuant to the provisions of this Transfer Agreement. The Issuer shall not be obliged to take any action in respect of a failure by any Noteholder to provide a Funding as required pursuant to a Funding Request.

4.8 *Transfer Restrictions*

Prior to the Class A1 Consolidation Date, it is a condition to the registration of any potential transferee as holder of the Class A1 Delayed Draw Notes in the Register and in the copy of the Register maintained at the registered office of the Issuer that the transferee, the Class A1 Delayed Draw Noteholder, the Issuer and the Trustee execute and deliver a Transfer Agreement pursuant to which the new Class A1 Delayed Draw Noteholder assumes all the obligations of the Class A1 Delayed Draw Noteholder under this Transfer Agreement.

5. Commitment to Fund Class A1 Single Draw Notes²

5.1 *Commitment*

The Transferee as the Class A1 Single Draw Noteholder agrees to pay to the Issuer amounts up to the Class A1 Single Draw Notes Commitment on the terms and subject to the conditions of this Clause [5]. The Transferee acknowledges that upon entry of its name and other relevant details into the Register and into the copy of the Register maintained at the registered office of the Issuer as required by the Conditions, and until registration of any further transfer of the Class A1 Single Draw Notes, it is the Class A1 Single Draw Noteholder.

5.2 *Single holder*

At any time there may not be more than one holder of the Class A1 Single Draw Notes.

² Delete sections 4 or 5 as applicable.

5.3 *Funding on Ramp-Up Effective Date*

If on the Ramp-Up Effective Date, the Class A1 Single Draw Notes Commitment Amount is greater than zero and on that date condition (a) of Clause 5.4 is satisfied, the Class A1 Single Draw Noteholder shall, no later than on the fifth Business Day after having received notice of the occurrence of the Delayed Draw Notes Final Funding Date from the Collateral Manager, pay to the Issuer's Initial Proceeds Account an amount in cleared funds equal to the Class A1 Single Draw Notes Commitment Amount. Such payment shall be treated as a Funding for all purposes.

5.4 *Funding Request*

The Transferee agrees and acknowledges that the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), shall be entitled at any time to instruct the Collateral Administrator to issue a Funding Request to the holder for the time being of the Class A1 Single Draw Note for the purpose of using the proceeds thereof to purchase Collateral Debt Securities provided that, at the time of giving such instructions to make such Funding Request, the following conditions are satisfied:

- (a) no Event of Default or Potential Event of Default is continuing;
- (b) the Reinvestment Period has not terminated and will not have terminated within 5 Business Days and no Funding has already been made with respect to the Class A1 Single Draw Notes;
- (c) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the requested Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Notes); and
- (d) the sum of the cash in the Principal Collection Account and the Initial Proceeds Account does not exceed €10 million.

5.5 *Form of Funding Requests*

No Funding requested in respect of the Class A1 Single Draw Notes shall exceed the Class A1 Single Draw Notes Commitment Amount or be for an amount less than €49,999. The Funding Request shall be substantially in the form set out in the Exhibit to this Transfer Agreement, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), and signed by the Collateral Administrator (acting on behalf of the Issuer). The Funding Request shall be copied to the Trustee. On or before the fifth Business Day after receipt of the Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Notes Purchase Agreement, the Class A1 Single Draw Noteholder shall pay the amount specified in such Funding Request to the Initial Proceeds Account in cleared funds.

5.6 *Commitment Fee*

In consideration for the Class A1 Single Draw Noteholder's commitment, on each Single Draw Note Payment Date up to (and including) the earlier of (i) the Single Draw Note Payment Date immediately following the Funding and (ii) the Ramp-Up Effective Date, the Issuer shall pay to the Class A1 Single Draw Noteholder the Class A1 Single Draw Notes Commitment Fee subject to and in accordance with the relevant Priorities of Payment.

5.7 *Default in Funding Obligations*

The Class A1 Single Draw Noteholder shall indemnify and hold harmless the Issuer, its agents and directors in respect of any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) incurred as a result of a failure by it to pay an amount to the Issuer pursuant to the provisions of this Transfer Agreement. The Issuer shall not be obliged to take any action in respect of a failure by any Noteholder to provide a Funding as required pursuant to a Funding Request.

5.8 *Transfer Restrictions*

Prior to the expiry of the Reinvestment Period, it is a condition to the registration of any potential transferee as holder of the Class A1 Single Draw Notes in the Register and in the copy of the Register maintained at the registered office of the Issuer that the transferee, the Class A1 Single Draw

Noteholder, the Issuer and the Trustee execute and deliver a Transfer Agreement pursuant to which the new Class A1 Single Draw Noteholder assumes all the obligations of the Class A1 Single Draw Noteholder under this Transfer Agreement.

6. Warranties

Each party represents and warrants with respect to itself as follows:

- (a) **Status:** it is duly incorporated and validly existing under the laws of its place of incorporation or, as applicable, its principal place of business, with full power and authority to conduct its business;
- (b) **Solvency:** it is not insolvent in any jurisdiction in which it carries on business, no Insolvency Official has been appointed with respect to it or any of its respective assets and no action or proceedings for such appointment is pending or, to its knowledge, threatened and it is not unable to, or deemed to be unable to, pay its debts and would not become unable to, or deemed to be unable to, do so in consequence of entering into this Transfer Agreement;
- (c) **Due authorisation:** the execution and delivery of this Transfer Agreement has been duly authorised by it;
- (d) **Legal, valid etc:** this Transfer Agreement constitutes valid, legally binding and enforceable obligations of it;
- (e) **Consents:** all authorisations, consents, permits, licenses and approvals required by it in connection with the execution of this Transfer Agreement and the performance of its obligations under this Transfer Agreement have been obtained and are in full force and effect;
- (f) **No Conflict:** the execution and delivery of this Transfer Agreement by it, the carrying out of the other transactions contemplated by this Transfer Agreement and compliance with its terms do not and will not:
 - (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting it or any indenture, trust deed, mortgage or other agreement or instrument to which it is a party or by which it or any of its assets are bound;
 - (ii) infringe any existing applicable law, rule, regulation, judgement, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it or any of its assets; or
 - (iii) except as expressly provided in the Trust Agreement and/or the Security Agreements, result in the creation or imposition of any security interest in any of its assets;
- (g) **Litigation:** there are no pending actions, suits or proceedings against or affecting it which, if determined adversely to it, could individually or in the aggregate have an adverse effect on its condition (financial or other), prospects, results of operations or general affairs or would adversely affect its ability to perform its obligations under this Transfer Agreement.

7. Notices

7.1 Effectiveness

Unless expressly provided otherwise herein, all notices, requests, demands and other communications required or permitted under this Transfer Agreement shall be in writing (including by fax or email) and shall be deemed to have been duly given (in the case of delivery by hand) when delivered or (in the case of fax) at the time of transmission to the address or fax numbers to be notified to the Transferee by the Issuer.

The details of the Transferee for notices are as follows:

[Address]

[Fax]

[email]

[For the attention of]

7.2 *Change of Details*

Any party may alter the address, fax number or email address to which communications or copies are to be sent by giving notice of such change in conformity with the provisions of this Clause 7 for the giving of notice.

8. Limited Recourse and Non-Petition

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and the Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, prove ultimately insufficient to satisfy the claims of the Transferor, the Transferee or the Trustee in full, then any shortfall arising shall be extinguished and the Transferor, the Transferee and Trustee shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination, set-off rights and rights of retention of the Transferor, the Transferee and/or the Trustee. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Transferor, the Transferee or the Trustee, and neither assets nor proceeds will be so available thereafter.

Each of the Transferor, the Transferee and the Trustee shall not take steps against the Issuer to recover any sum so unpaid and, in particular, each of the Transferor, the Transferee and the Trustee shall not petition for bankruptcy of the Issuer or request the opening of any other collective or reorganisation proceedings against the Issuer or take any other step or action for the winding up (*dissolution*), examinership, liquidation (*liquidation*) or dissolution of the Issuer nor for the appointment of a liquidator (*liquidateur*), examiner, administrator (*commissaire*), receiver (*curateur*) or other person in respect of the Issuer or its assets until after the expiry of any applicable preference period as provided for in the applicable bankruptcy laws following the payment of all amounts payable under the Conditions of the Notes.

9. Miscellaneous

9.1 *Notice of Pledge*

The Issuer hereby gives notice, and the parties acknowledge receipt of notice, of the pledge of all the Issuer's rights under this Transfer Agreement against the Transferee and the Transferor to the Trustee under the Trust Agreement.

9.2 *Entire Agreement*

This Transfer Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

9.3 *Amendments*

No amendment, modification or waiver in respect of this Transfer Agreement will be effective unless in writing (including a writing evidenced by fax) and executed by each of the parties hereto and upon prior written notice to the Rating Agencies.

9.4 *Survival of Representations, Warranties and Indemnities*

Each representation and warranty made or deemed to be made herein or pursuant hereto and each indemnity provided for hereby, shall survive the termination of this Transfer Agreement and the completion of the arrangements contemplated by this Transfer Agreement.

9.5 Counterparts

This Transfer Agreement may be executed in one or more counterparts. Each counterpart, whether the original signed document or a copy of such signed document evidenced by facsimile or other electronic means, shall constitute an original, but all such counterparts taken together shall constitute one and the same agreement.

9.6 Severability

If any provision of this Transfer Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which taking into consideration the purpose and intent of this Transfer Agreement have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply mutatis mutandis with regard to any contractual gaps (*Vertragslücken*) in this Transfer Agreement.

9.7 No Waiver of Rights

A failure or delay in exercising any right in respect of this Transfer Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right will not be presumed to preclude any subsequent or further exercise, of that right or the exercise of any other right.

9.8 Time

Any time, date or period specified in this Transfer Agreement may be postponed or extended by agreement among the parties to this Transfer Agreement but as regards any time, date or period originally fixed on or postponed or extended, time shall be of the essence.

9.9 Assignment by the Issuer

The Issuer may not assign or pledge any of its rights under this Transfer Agreement (or any interest herein) without the prior written consent of the Trustee, except in the case of an assignment or pledge of such rights by the Issuer to (i) an entity which is a successor to the Issuer as contemplated by Condition 13 (*Substitution*), or (ii) the Trustee as contemplated by the Trust Agreement or any of the Security Agreements.

9.10 Account details

The details of the account of the Transferee for the purposes of payments to the Transferee in respect of the Notes are set out below:

[to be inserted]

9.11 The Trustee

The Trustee has agreed to become a party to this Transfer Agreement solely for the purposes of taking the benefit of this Transfer Agreement and for administrative ease with matters where the Trustee's consent is required. Save as expressly provided herein, the Trustee shall assume no obligation whatsoever by virtue of the provisions of, or its being a party to, this Transfer Agreement. The exercise of any of the Trustee's rights or discretions hereunder will be subject to the same protections and immunities as are conferred upon the Trustee and contained in the Trust Agreement.

10. Governing Law and Jurisdiction

10.1 Governing Law

This Transfer Agreement shall, to the extent permitted by any applicable conflict of law provisions, be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

10.2 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Transfer Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each of the parties to this Transfer Agreement hereby submits to the jurisdiction of such court.

10.3 *Service of Process*

Each of the Issuer and the Trustee has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

The Transferor has appointed [●] with its seat on the date hereof [●], Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

The Transferee has appointed [●] with its seat on the date hereof [●], Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

If for any reason any such agent shall cease to be such agent for service of process, the relevant party having appointed such agent shall forthwith appoint a new agent for service of process in Germany and deliver to the other parties hereof a copy of the new agent's acceptance of appointment within 30 days. Nothing in this Transfer Agreement shall affect the right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF the parties have executed and delivered this Transfer Agreement on the date specified above with effect from that date.

Transferor

by:
for and on behalf of [*name of Transferor*]

Transferee

by:
for and on behalf of [*name of Transferee*]

Issuer

by:
for and on behalf of EUROMAX IV MBS S.A., *société anonyme*, 7, Val Sainte-Croix, L-1371 Luxembourg, R.C.S. Luxembourg B. 110721

Trustee

by:
for and on behalf of **Deutsche Trustee Company Limited**

Exhibit to the Transfer Agreement

Form of Funding Request

To: [Class A1 Delayed Draw Noteholder]/[Class A1 Single Draw Noteholder]
[●]

Registrar
Account Bank
Principal Paying Agent
Trustee
Listing Agent

[●Date]

Transfer Agreement dated [·] between EUROMAX IV MBS S.A., Deutsche Trustee Company Limited, [·] and [·] (the *Transfer Agreement*)

We hereby:

- (a) make a Funding Request pursuant to Clause [●] of the Agreement in respect of a Funding of €[●];
- (b) confirm that the sum of €[●] does not exceed the aggregate of each Class A1 [Single Draw] [and each] [Delayed Draw] Notes Commitment Amount in respect of the Class A1 [Single Draw] [and the] [Delayed Draw] Note held by you;
- (c) confirm that each of the other conditions applicable to this Funding Request under the Transfer Agreement are satisfied;
- (d) request you to transfer €[●] to the Initial Proceeds Account [specify account details] by [●] on [no more than 5 Business Days after date of request];
- (e) confirm that the Funding Request is otherwise in compliance with the Transfer Agreement;
- (f) instruct the Account Bank that, upon receipt of such amount, it shall instruct the Registrar to amend the Register accordingly; and
- (g) instruct the Registrar to effect such amendment in the Register and request the Issuer to effect such amendment in the copy of the Register maintained at the Issuer's registered office.

Very truly yours,

Deutsche Bank AG, London Branch

Collateral Administrator
for and on behalf of
EUROMAX IV MBS S.A.

FORM OF REDEMPTION NOTICE (ANNEX B TO THE CONDITIONS)

The following is the form of the Redemption Notice which is attached as Annex B to the Conditions and constitutes an integral part thereof.

REDEMPTION NOTICE

To: EUROMAX IV MBS S.A.
And to: Deutsche Trustee Company Limited (as Trustee)
And to: [Euroclear Bank, S.A./N.V.] [Clearstream Banking, société anonyme] [Deutsche Bank Luxembourg S.A. (as Registrar)]

€50,000 Class A1 Senior Secured Floating Rate Single Draw Notes due 2054
€18,950,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054
€130,000,000 Class A1 Senior Secured Floating Rate Term Notes due 2054
€16,000,000 Class A2 Senior Secured Floating Rate Notes due 2099
€11,400,000 Class B Senior Secured Floating Rate Notes due 2099
€6,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2099
€6,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2099
€1,600,000 Subordinated Notes due 2099
€3,000,000 Class F1 Combination Notes due 2099
€3,000,000 Class F2 Combination Notes due 2099
(the *Notes*)

This is a Redemption Notice as referred to in Condition 6 of the Notes.

Terms not otherwise defined herein shall bear the same meaning as in the Conditions.

Principal Amount of [Class A1 Single Draw] [Class A1 Delayed Draw] [Class A1 Term] [Class A2] [Class B] [Class C] [Class D] [Subordinated] [Class F1 Combination] [Class F2 Combination] Notes

[Serial number(s) of Definitive Bearer Notes deposited:]

[Account at [Euroclear/Clearstream,
Luxembourg]:

[Series number(s) of Registered Notes:]

I/We, the [Class A1 Single Draw] [Class A1 Delayed Draw] [Class A1 Term] [Class A2] [Class B] [Class C] [Class D] [Subordinated] [Class F1 Combination] [Class F2 Combination] Noteholders referred to above, hereby certify that the above named [Class A1 Single Draw] [Class A1 Delayed Draw] [Class A1 Term] [Class A2] [Class B] [Class C] [Class D] [Subordinated] [Class F1 Combination] [Class F2 Combination] Notes set out above [(the Notes representing which we have deposited with a Paying Agent together with this Redemption Notice)] and advise the Issuer that I/we wish to exercise the option to redeem the Notes granted pursuant to paragraph [e] [f] [g] [h] of Condition 6.

[By executing this Redemption Notice below, I/we authorise the [clearing agency at which the account specified above is maintained] [the Registrar] to disclose to each of the addressees of this Redemption

Notice confirmation that I am/we are the holder (as the case may be) of the above-specified [Class A1 Single Draw] [Class A1 Delayed Draw] [Class A1 Term] [Class A2] [Class B] [Class C] [Class D] [Subordinated] [Class F1 Combination] [Class F2 Combination] Notes in the above-specified account.]

Yours faithfully,

.....

Authorised signatory

of _____

as holder of the [Class A1 Single Draw] [Class A1 Delayed Draw] [Class A1 Term] [Class A2] [Class B] [Class C] [Class D] [Subordinated] [Class F1 Combination] [Class F2 Combination] Notes referred to above or the duly authorised attorney or agent thereof

THE TRUST AGREEMENT (ANNEX C TO THE CONDITIONS)

The following is the text of the Trust Agreement (excluding its Schedule 2) dated 6 October 2005 between the Issuer and the Trustee. The Trust Agreement is attached as Annex C to the Conditions and constitutes an integral part thereof. In the case of any overlap or inconsistency in the definition of a term or expression in the Trust Agreement and elsewhere in this Prospectus, the definition in the Trust Agreement will prevail.

1. DEFINITIONS AND INTERPRETATION

1.1 *Master Interpretation and Construction Schedule and Conditions*

In this Trust Agreement, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined and expressed to be construed in the master interpretation and construction schedule, as amended from time to time, (the "**Master Interpretation and Construction Schedule**") signed for purposes of identification on or about the Closing Date by (*inter alios*) the Issuer and the Trustee and attached hereto as Schedule 2 shall have the same meaning and construction *mutatis mutandis* herein and Clause 2 of the Master Interpretation and Construction Schedule shall apply *mutatis mutandis* to this Trust Agreement *provided that* in the case of any overlap or inconsistency in the definition of a term or expression in this Agreement and in the Master Interpretation and Construction Schedule, the definition in this Agreement will prevail.

As used herein, Trust Agreement means this Trust Agreement and the Schedules and any trust agreement supplemental hereto and the schedules (if any) thereto, all as from time to time modified in accordance with the provisions herein or therein contained.

1.2 *The Conditions*

Any reference herein to the "**Conditions**" is to the terms and conditions of the Notes and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

Terms and expressions used herein but not defined herein or in the Master Interpretation and Construction Schedule have the respective meanings given to them in the Conditions.

1.3 *Interpretation*

All references in this Trust Agreement to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than Germany, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in this Trust Agreement.

All references in this Trust Agreement to taking proceedings against the Issuer shall be deemed to include references to proving in the winding up of the Issuer.

In this Trust Agreement the terms *repay*, *redeem* and *pay* shall each include both the others and cognate expressions shall be construed accordingly.

Unless the context otherwise clearly requires, the definition of terms herein shall apply equally to the singular and plural forms of the terms defined.

2. POSITION OF THE TRUSTEE

2.1 The Trustee shall carry out the duties hereunder (the "**Trustee Duties**") and shall, subject to Clause 6.1, perform the tasks and functions set out in the Conditions, this Trust Agreement, the Security Agreements and in the other Transaction Documents in accordance with this Agreement and

as a trustee for the benefit of, and, subject to Clause 6.9, with particular regard to the interests of the Secured Parties.

2.2 This Trust Agreement grants the Secured Parties (excluding the Trustee) the right to demand that the Trustee perform the Trustee Duties (contract for the benefit of a third party (*echter Vertrag zugunsten Dritter*) pursuant to § 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*)). The obligations of the Trustee under this Trust Agreement are owed exclusively to the Secured Parties, unless otherwise specified or the context requires otherwise.

2.3 The Issuer hereby grants the Trustee a separate claim (the "**Trustee Claim**"), entitling the Trustee to demand from the Issuer:

- (i) that any present or future obligations of the Issuer towards the Secured Parties under the Transaction Documents (the "**Secured Obligations**") be fulfilled when due, and
- (ii) if an Event of Default has occurred or, the occurrence thereof is, in the professional judgement of the Trustee, imminent, and insolvency proceedings have not been instituted against the assets of the Trustee, that any payment owed to the Secured Parties will be made to, and at all times prior to the on-payment to the Secured Parties held in, a trust account (*Treuhandkonto*) of the Trustee for on-payment to the relevant Secured Parties. The Trustee shall on-pay any amount so received to the Secured Parties without undue delay.

The obligations of the Issuer to make payments to the relevant Secured Parties shall remain unaffected. The Trustee Claim may be enforced separately from the relevant Secured Parties' claims in respect of the same payment obligation of the Issuer. In the case of a payment pursuant to paragraph (ii) above, the Issuer and each Secured Party (excluding the Trustee) shall have a claim against the Trustee, subject to this Trust Agreement, for on-payment to the relevant Secured Parties. The relevant obligation of the Issuer under the Secured Obligations shall only be fulfilled once the on-payment to the relevant Secured Parties by the Trustee has occurred. For the avoidance of doubt, upon on-payment by the Trustee to the Secured Parties the liability of the Issuer under the Secured Obligations in respect of the same payment obligation shall be discharged to the extent of the sums so on-paid, and if the Trustee makes such on-payment in respect of the Global Bearer Notes through Euroclear and Clearstream, Luxembourg, as relevant, Condition 7(a) shall apply in respect of such on-payment and the discharge of the Issuer in respect of the related payment obligation under the Global Bearer Notes. Similarly, upon payment by the Issuer to the Secured Parties, the right of the Trustee to request a payment pursuant to paragraph (ii) above in respect of the same payment obligation of the Issuer shall cease to exist to the extent of the sums so paid by the Issuer.

For the avoidance of doubt, the obligation of the Trustee to on-pay any amounts received under paragraph (ii) above without undue delay to the Secured Parties shall not be affected by the Trustee's resignation or other termination of its appointment as a trustee hereunder. In particular, on or promptly after a resignation of the Trustee has become effective, the resigning or terminated Trustee shall, subject to this Trust Agreement, on-pay to the Secured Parties any amounts standing to the credit of any trust account pursuant to paragraph (ii) above.

3. COLLATERAL; REPRESENTATIONS OF THE ISSUER

3.1 General

The security interests of the Trustee granted or referred to in Clauses 3.2-3.4 below shall be referred to as the "**Collateral**". The Issuer shall promptly give any notice, make any filing or perform any other act required by the Trustee in order to create a valid and perfected first priority security interest of the Trustee in the Mortgaged Property.

3.2 Pledges

- (a) The Issuer hereby grants a pledge (*Pfandrecht*) pursuant to §§ 1204 *et seq.* of the German Civil

Code (*Bürgerliches Gesetzbuch*) to the Trustee with respect to all its present and future, actual and contingent claims and rights (including, but not limited to, any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights of unilateral determination of legal relationships (*Gestaltungsrechte*) and termination rights (*Kündigungsrechte*)) arising from the Collateral Management Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Agency Agreement, the Listing Agent Appointment Agreement, the Notes Placement Agreement, the Class A1 Notes Purchase Agreement, any Transfer Agreement, the Master Interpretation and Construction Schedule and the Liquidity Facility Agreement.

- (b) For the avoidance of doubt, upon notification by the Trustee of an Event of Default to any debtors of rights and claims arising under the relevant Transaction Documents pledged hereunder, the Trustee shall be entitled to exercise such rights of the Issuer, including, without limitation, the right to give instructions to each such debtor pursuant to the relevant Transaction Document.
- (c) The Issuer hereby further grants a pledge (*Pfandrecht*) pursuant to §§ 1204 *et seq.* of the German Civil Code (*Bürgerliches Gesetzbuch*) to the Trustee with respect to all its present and future, actual and contingent claims and rights against the Trustee arising under this Trust Agreement. The Issuer hereby gives notice to the Trustee of such pledge and the Trustee hereby confirms receipt of such notice.

3.3 *English Security Deed*

The parties hereby acknowledge that the Issuer has pursuant to the English Security Deed, provided security in favour of the Trustee of (A) the cash and securities held by the Custodian on behalf of the Issuer in the Custody Account from time to time, including, in particular the Pledged Obligations held by the Issuer on any date, (B) the Issuer's rights in respect of the Hedge Agreement and the Collateral Acquisition Agreement and (C) all present and future rights in respect of any cash amount standing to the credit of each Account and the debt represented thereby, in each case, as security for the Secured Obligations. The "**Pledged Obligations**" shall include on any date, the Collateral Debt Securities and the Eligible Investments held by the Issuer on such date.

3.4 *Future Collateral*

The Issuer shall grant to the Trustee a security interest for the benefit of the Secured Parties satisfactory to the Trustee with respect to any future agreement entered into by the Issuer or assets acquired by the Issuer in order to protect the interests of the Secured Parties and shall execute any relevant documentation that may be necessary to effect such security interest.

3.5 *Security Purpose*

The pledges pursuant to Clause 3.2 are granted for the purpose of securing the Trustee Claim. The pledges pursuant to Clause 3.2(a) and the pledge pursuant to Clause 3.2(c) will extend to the ultimate balance of all sums payable by the Issuer in respect of the Trustee Claim, regardless of any intermediate payment or discharge in whole or in part and, without prejudice to the generality of the foregoing, the pledges created pursuant to this Trust Agreement are made for securing further advances to the Issuer whether pursuant to any Funding, any additional issuances pursuant to Condition 16 or otherwise and shall be without prejudice to and in addition to any other security whatsoever which may be held by the Trustee or any other person in respect of the whole or any part of the Trustee Claim or the Secured Obligations.

3.6 Representations of the Issuer

(a) General Representations and Warranties of the Issuer

The Issuer represents and warrants to the Trustee, that:

- (i) Status: the Issuer is duly incorporated and validly existing under the laws of the jurisdiction of its incorporation with full power and authority to conduct its business as described in the Prospectus, and is lawfully qualified to do business in those jurisdictions in which business is conducted by it and to execute, deliver and perform its powers, authorities, duties, discretions and obligations under the Transaction Documents, and to carry out any other ancillary acts;
- (ii) Business: the Issuer has not carried out any business or entered into any transaction since its incorporation other than the transactions specifically contemplated in the Transaction Documents;
- (iii) Solvency:
 - (A) no *curateur* or *juge commissaire* or other Insolvency Official has been appointed with respect to the Issuer or any of its respective assets and no action or proceedings for such appointment is pending or, to its knowledge, threatened;
 - (B) the Issuer is not unable to, or (if applicable) deemed to be unable to, pay its debts within the meaning of the Luxembourg insolvency laws and would not become unable to, or (if applicable) deemed to be unable to, do so in consequence of entering into the Transaction Documents;
 - (C) no execution or other process issued on a judgement, decree or order of any court in favour of a creditor of the Issuer remains unsatisfied in whole or in part; and
 - (D) no corporate action has been taken or is pending, no other steps have been taken and no legal proceedings have been commenced or are threatened or are pending for (i) the winding-up, liquidation, dissolution, examination, administration, bankruptcy (*faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*) or reorganisation of the Issuer; or (ii) the Issuer to enter into any composition or arrangement with its creditors generally (*concordat préventif de faillite*). No event equivalent to any of the foregoing has occurred in or under the laws of any relevant jurisdiction;
- (iv) Due authorisation of the Transaction Documents by Issuer: the Transaction Documents and all other agreements and documents ancillary thereto have been duly authorised by it and constitute valid, legally binding and enforceable obligations of it;
- (v) Due authorisation of the Notes: the Notes have been duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered in accordance with the Conditions and the Agency Agreement, will constitute valid, legally binding and enforceable obligations of the Issuer;
- (vi) Consents: all authorisations, consents and approvals required by the Issuer in connection with (i) the creation, issue and sale of the Notes, (ii) the execution of the Transaction Documents and all other agreements and documents ancillary thereto and (iii) the performance by the Issuer of the powers, authorities, duties, discretions and obligations expressed to be undertaken by it under the Notes and the Transaction Documents are in full force and effect;
- (vii) No Conflict: the execution and delivery of the Transaction Documents by the Issuer, the issue of the Notes, the carrying out of the other transactions contemplated by the

- Transaction Documents and compliance with their terms do not and will not:
- (A) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting the Issuer or any indenture, trust agreement, mortgage or other agreement or instrument to which the Issuer is a party or by which the Issuer or any of its assets are bound;
 - (B) violate any existing applicable law, rule, regulation, judgement, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer or any of its assets; or
 - (C) except as expressly provided and permitted in the Transaction Documents, result in the creation or imposition of any security interest in any of their respective assets;
- (viii) Litigation: there are no pending actions, suits or proceedings against or affecting the Issuer which, if determined adversely to the Issuer, could individually or in the aggregate have an adverse effect on the condition (financial or other), prospects, results of operations or general affairs of the Issuer or would adversely affect the ability of the Issuer to perform the powers, authorities, duties, discretions and obligations under the Transaction Documents or the Notes or which are otherwise material in the context of the issue or offering of the Notes and, to the best of the Issuer's knowledge, no such actions, suits or proceedings are threatened or contemplated;
- (ix) No Default: no event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or the making of any determination would constitute, a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which might:
- (A) have a material adverse effect on the business, assets or condition of the Issuer;
 - (B) materially and adversely affect the ability of the Issuer to observe or perform its powers, authorities, duties, discretions and obligations under any Transaction Document; or
 - (C) be material in the context of the issue or offering of the Notes;
- (x) No Issuer Event of Default: no event has occurred or circumstance arisen which, had the Notes already been issued, would (whether or not with the giving of notice and/or the passage of time) constitute an event described under "Events of Default" in the Conditions;
- (xi) Status of Notes: all Notes will, upon issue, be direct, unconditional and secured obligations of the Issuer and the Notes of each Class will rank pari passu without preference or priority amongst themselves;
- (xii) No Affiliation: the Issuer is not legally, personally or otherwise (save for the contractual arrangements created by the Transaction Documents) connected with the respective counterparties of the Transaction Documents;
- (xiii) No debt securities: the Issuer does not, and is not deemed to, issue debt securities to the public in Luxembourg on an ongoing basis (as referred to in the Securitisation Act 2004, as defined below) and does not, and is not deemed to, exercise an activity in the financial sector on a professional basis (as referred to in the Banking Act 1993);
- (xiv) Domiciliation of Companies: the Issuer complies with, and has adhered to, the provisions of the Luxembourg act dated 31 May 1999 concerning the domiciliation of companies, as amended.

(b) Representations and Warranties of the Issuer Relating to Security

The Issuer represents and warrants that:

- (i) Absolute benefit: the Issuer has, at the Closing Date, (and will have, insofar as future rights and claims are concerned) full and unaffected title to the accounts, moneys, assets, rights and claims comprising the Mortgaged Property and any related security thereto which is assigned or pledged hereby or pursuant to the Security Agreements and that such Mortgaged Property and such related security is (and will be, insofar as future rights and claims are concerned) free and clear of all security interests other than as created pursuant to this Trust Agreement and the Security Agreements;
- (ii) Valid security interests: the Issuer has taken all necessary steps to enable it to create valid security interests in the Mortgaged Property in accordance with this Trust Agreement and the Security Agreements; and
- (iii) No Prejudice: the Issuer has taken no action or steps to prejudice its right, title, interest and benefit in and to the Mortgaged Property or to prejudice the security interests created in favour of the Trustee in accordance with this Trust Agreement and the Security Agreements in and to the Mortgaged Property.

(c) Representations and Warranties of the Issuer Relating to Tax

The Issuer represents and warrants to the Trustee, for the benefit of the Secured Parties that:

- (i) Stamp Duty: no stamp duty, stamp duty reserve tax and stamp duty land tax and any other duty or tax is assessable or payable in connection with (i) the authorisation, execution or delivery of the Transaction Documents to which it respectively is a party, (ii) the authorisation, execution, sale or delivery of the Notes and (iii) the performance of its powers, authorities, duties, discretions and obligations under the Transaction Documents to which the Issuer is a party and the Notes; registration of the Transaction Documents with the Administration de l' Enregistrement et des Domaines may however be required in case of legal proceedings before Luxembourg courts (if competent) in which case a fixed registration duty of €12 may be due or an ad valorem 0.24% registration duty, depending on the nature of the Transaction Document to be registered;
- (ii) No Trading: it has not traded or engaged in any activities since its incorporation, other than:
 - (A) the negotiation and execution of the Transaction Documents and all other agreements and documents ancillary thereto to which it is a party;
 - (B) the activities referred to or contemplated in the Transaction Documents to which it is a party or the Prospectus;
 - (C) receiving payment for its issued share capital;
 - (D) authorising the issue of the Notes, the Prospectus and the Transaction Documents and all other agreements and documents ancillary thereto to which it is a party; and
 - (E) matters which are incidental or ancillary to the foregoing;
- (iii) Effective Management: that the effective management and control of the Issuer and of its business is at all times exercised outside Germany;
- (iv) Permanent Establishment or Representative:

- (A) that the Issuer does not and will not at any time carry on a trade in Germany through a permanent establishment (*Geschäftsleitung* or *Betriebsstätte*) or permanent representative (*ständiger Vertreter*), meaning:
 - (aa) a fixed place of business or facility (including any business entity, installation, site or storage facility) which serves the purpose of the Issuer and over which the Issuer's management has effective power of disposal (*Verfügungsmacht*) or which is under the direction of the Issuer; or
 - (bb) a person (individual or legal entity) who habitually acts in an agency capacity and subject to the instructions of the Issuer or who constantly (*nachhaltig*) stores equipment or goods on behalf of the Issuer and makes deliveries from such storage; and
- (B) that there is no person (individual or legal entity) who constantly (*nachhaltig*) carries out business in Germany on behalf of the Issuer (other than as an agent of independent status acting in the ordinary course of its business);
- (C) there is no person (individual or legal entity) who constantly (*nachhaltig*) enters into contracts on behalf of the Issuer or is seeking or has sought the conclusion of contracts for the Issuer in Germany (other than as an agent of independent status acting in the ordinary course of its business);
- (v) Tax Treaty: that the Issuer is resident in Luxembourg for the purposes of the double tax treaty between Germany and Luxembourg;
- (vi) Register: that no register is or will be kept in Germany by or on behalf of the Issuer in respect of the Notes;
- (vii) Residence: that the Issuer's place of central management and control is and at all relevant times will remain located in Luxembourg, including, without limitation, that all meetings of the directors of the Issuer will take place in Luxembourg, that all major or policy decisions relating to the Issuer's business and activities will be taken by its directors or the Investment Board acting independently and that a majority of the directors of the Issuer will at all relevant times be resident in Luxembourg.

3.7 Collection Authorisation

The Issuer shall be authorised (*ermächtigt*) to collect or have collected in the ordinary course of business or otherwise exercise or deal with (which terms shall, for the avoidance of doubt, include the enforcement of any security) the rights pledged under Clause 3.2 of this Trust Agreement. Such authority and consent may be revoked by the Trustee if, in the Trustee's opinion, such revocation is necessary in order to avoid an adverse effect on the Collateral or its value which the Trustee considers material, and the Trustee gives notice thereof to the Issuer. Such authority and consent shall automatically terminate upon the occurrence of an Event of Default.

3.8 Release of Pledged Obligations from Security

Provided that the Trustee has not received notice that an Event of Default has occurred and is continuing, the Trustee shall release the Pledged Obligations from the security referred to in this Clause 3 upon receipt of a request from the Collateral Administrator delivered to the Trustee and the Custodian at least two Business Days prior to the settlement date for any sale, transfer or liquidation of such Pledged Obligation (or such shorter period as the Trustee may agree):

- (i) in the case of a proposed sale, transfer or liquidation, identifying the Pledged Obligations to be released and the details of the proposed transaction;
- (ii) in the case of a proposed presentation and/or surrender of a Pledged Obligation which may be converted or exchanged by the Issuer, identifying the Pledged Obligations to be released and

setting out in reasonable detail the requirement to present and/or surrender such Pledged Obligation or any evidence thereof and the procedures required (if applicable) in order to exercise such exchange or conversion right of the Issuer.

Such release request must attach a certification from the Collateral Administrator that the requirements of the Portfolio Provisions have been satisfied. Upon receipt of such release request, which the Trustee shall be entitled (but not bound) to rely upon without further enquiry, the Trustee shall countersign it, which countersignature shall operate to release the security interest over the relevant Pledged Obligation. The Trustee shall promptly thereafter forward such release request to the Custodian, and delivery thereof shall constitute, in the case of (i) above, instructions to the Custodian to deliver the relevant Pledged Obligation, if in physical form, duly endorsed to the broker, purchaser or transferee designated in the release request or, if held through a clearing system, cause an appropriate transfer thereof to be made, and in the case of (ii) above, instructions to the Custodian to present and/or surrender such Pledged Obligation to the extent required pursuant to the terms thereof, in each case against receipt of payment or other consideration therefor, as set forth in such release request.

3.9 *Credit Support Deed*

The security created pursuant to this Clause 3 with respect to the Mortgaged Property shall not restrict the right of the Issuer to retransfer any amount of collateral to the Hedge Counterparty in accordance with the terms of the Credit Support Deed.

3.10 *Continuance of Security*

Without prejudice to the generality of Clause 2.3 and the collection authorisation set forth in Clause 3.7, the security created pursuant to this Trust Agreement shall remain in force as a continuing security to the Trustee for the Trustee Claim notwithstanding any reimbursement, pre-payment or other form of settlement or the existence at any time of a credit balance on any Account or any other bank account in which the Issuer may at any time acquire any right, title, interest or benefit or any other act, event or matter whatsoever, except only upon an absolute and unconditional release of the Mortgaged Property secured pursuant to this Trust Agreement made in accordance with Clause 3.8.

3.11 *Protection of Mortgaged Property by Issuer*

The Issuer shall at its own expense execute and do all such assurances, acts and things as the Trustee may require or consider desirable under the laws of any jurisdiction in which any property and assets are located in order to perfect or protect the security intended to be created hereby, or referred to herein, over the Mortgaged Property or any part thereof or facilitate (if and when the security becomes enforceable) the realisation of the Mortgaged Property or any part thereof or exercise of all powers, authorities, duties and discretions vested in the Trustee or any receiver of the Mortgaged Property or any part thereof or in any such delegate or sub-delegate as aforesaid. To that intent, the Issuer shall in particular execute all transfers, conveyances, assignments and assurances of such property whether to the Trustee or to its nominees and give all notices, orders and directions and make all registrations which the Trustee may think expedient.

3.12 *Protection of Mortgaged Property by Trustee*

The Trustee shall not (a) except in accordance with the Transaction Documents, remove or permit the removal of any portion of the Mortgaged Property that consists of cash or is evidenced by an instrument, certificate or other writing from the jurisdiction in which it was held at the date of its acquisition by the Issuer, or from the possession of the Person who held it on such date or (b) cause or permit ownership or the security interest of any portion of the Mortgaged Property that consists of book-entry securities to be recorded on the books of a Person (i) located in a different jurisdiction from the jurisdiction in which such ownership or security interest was recorded at such date or (ii) other than the Person on whose books such ownership or security interest was recorded at such date, unless the Trustee shall have first received a legal opinion (in a form reasonably satisfactory to it) from reputable legal counsel in the appropriate jurisdiction(s) to the effect that the security interest created by this Trust Agreement with respect to such property will continue to be maintained after giving

effect to such action or actions.

4. REALISATION OF THE MORTGAGED PROPERTY

4.1 *Enforceability of the Collateral*

Save as provided otherwise in the relevant Security Agreement for the security interest granted thereunder to the Trustee, the Trustee shall be entitled to enforce (*verwerten*) the Collateral granted to it hereunder or referred to herein upon an acceleration of any of the Notes pursuant to Condition 9, subject always to any notice accelerating the Notes not having been rescinded or annulled by the Trustee pursuant to Condition 9(c). If the enforcement of the Collateral requires that the Trustee Claim or the Secured Obligations become due and payable as a matter of applicable law, the Trustee may give notice to the Issuer, upon which Clause 18, first paragraph (*Limited Recourse and Non-Petition*) hereunder and corresponding provisions in the Transaction Documents shall not apply and the Trustee Claim or the Secured Obligations shall become due to the extent specified in such notice, provided that the obligations of the Issuer shall in any case remain limited to forward proceeds from the Issuer's assets. The enforcement of the pledges granted under this Trust Agreement shall not require any enforceable judgement or other executory title (*vollstreckbarer Titel*) and Section 1277 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall not apply.

4.2 *Notice of Enforceability*

The Trustee shall give notice to the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Agents, the Issuer, the Liquidity Facility Provider, the Hedge Counterparty and each Rating Agency in the event that any of the security constituted by this Trust Agreement or referred to herein becomes enforceable and the Trustee has actual knowledge thereof.

4.3 *Realisation of the Mortgaged Property*

- (a) Upon the occurrence of an Event of Default and acceleration pursuant to Condition 9(b), the Trustee may, at its discretion and without further notice, institute such proceedings against or in relation to the Issuer as it may think fit to enforce the terms of the Trust Agreement, the Security Agreements and the Notes as may be permitted under applicable laws and pursuant and subject to the terms of the Trust Agreement and the Security Agreements take any action to realise and/or otherwise liquidate the Mortgaged Property in whole or in part and/or take such action as may be permitted under applicable laws against any obligor in respect of the Mortgaged Property and/or take any other action to enforce the security over the Mortgaged Property, in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Clause 6.8 (*Trustee to view Noteholders as a Class*) and Clause 6.9 (*Conflicts of Interest*) to the effect of such action on individual Noteholders, Couponholders or any other Secured Party.
- (b) The Trustee shall not be bound to institute any such proceedings or take any such other action as is referred to in this Clause 4.3, unless it is directed by an Extraordinary Resolution of the holders of the Controlling Class at such time (including the holders of the relevant Components of the Combination Notes, as applicable); and the Trustee is indemnified and/or secured to its satisfaction against all Losses to which it may thereby become liable or which may be incurred by it in connection therewith.

For this purpose the Trustee may, before taking any steps, proceedings or other action and without limiting its right to make further demands, require those providing the indemnity to deposit cash with, or provide other security to, the Trustee for the indemnity on terms specified by the Trustee in its discretion at the time.

- (c) In exercising its rights pursuant to this Clause 4.3, the Trustee may, at its discretion or at the written direction of the holders of a Majority of all of the Notes, realise the Mortgaged Property and/or take such action as may be permitted under applicable laws against any obligor in respect of the Mortgaged Property and/or take possession of the Mortgaged Property over which the

security shall have become enforceable or any part thereof and may in its discretion sell, call in, collect and convert into money the Mortgaged Property or any part thereof in such manner and upon such terms as the Trustee shall think fit.

4.4 *Enforcement Priority of Payments*

- (a) Following an Event of Default and the acceleration of the Notes pursuant to Condition 9(b), any proceeds from the Mortgaged Property, including from a foreclosure or any sale (net of costs, charges and expenses) shall be credited to the Payment Account or such other account as the holders of the Class of Notes entitled to direct the Trustee with respect to enforcement (in accordance with Clause 4.3(b) above) shall designate to the Trustee and be applied by the Trustee as follows (the "**Enforcement Priority of Payments**"):
- (i) to the payment of the fees, costs, charges, expenses and liabilities and Losses incurred by the Trustee, any appointee thereof or any receiver in connection with the enforcement of the security over the Mortgaged Property or the early redemption of the Notes or otherwise in connection with the Transaction Documents;
 - (ii) to the payment of amounts referred to in paragraphs (A) to (K) of the Post-Reinvestment Period Principal Proceeds Priority of Payments to the extent not paid in full thereunder;
 - (iii) to pay any accrued and unpaid interest on the Subordinated Notes;
 - (iv) to redeem the Subordinated Notes on a pro rata basis in full; and
 - (v) the balance, if any, to the Subordinated Notes.
- (b) On any day on which the Trustee makes payments in accordance with Clause 4.4(a) above the holders of the Class F1 Combination Notes will receive an amount of principal and interest in respect of the Class C Component and Class D Component and the Subordinated Component in the proportion that the principal amount of each of such Components bears as at such date to the Class C Notes and Class D Notes and the Subordinated Notes and to the extent described in Clause 4.4(c)(i). The holders of the Class F2 Combination Notes will receive an amount of principal and interest in respect of the Class C Component and the Subordinated Component in the proportion that the principal amount of each of such Components bears as at such date to the Class C Notes and the Subordinated Notes and to the extent described in Clause 4.4(c)(ii).
- (c) **Classification of Proceeds of Enforcement on Combination Notes**
- (i) Class F1 Combination Notes: The payment of principal and interest received from the Components of the Class F1 Combination Notes pursuant to the Enforcement Priority of Payments, will be applied in accordance with Condition 3(b)(iii) or Condition 3(b)(vii), as the case may be.
 - (ii) Class F2 Combination Notes: The payment of interest and principal received from the Components of the Class F2 Combination Notes pursuant to the Enforcement Priority of Payments, will be applied in accordance with Condition 3(b)(iv) or Condition 3(b)(viii), as the case may be.
- (d) Following enforcement of the security constituted by this Trust Agreement or the Security Agreements, all moneys received by the Trustee upon any enforcement of the security constituted by the Trust Agreement and/or the Security Agreements shall be held by the Trustee in trust (*treuhänderisch*) for the Secured Parties to apply them in accordance with the Enforcement Priority of Payments set out in Condition 4.4(a).
- (e) Any amount paid by the Issuer to the Noteholders or to a Secured Party in accordance with the terms of the Notes and other Transaction Documents shall, to the extent of such payment, be a good discharge of the Issuer's obligation under Clause 2.3(i) (as applicable) except in relation to payments to the Principal Paying Agent in respect of the Notes, to the extent that there is a default in the subsequent payment of that amount to the Noteholders or Couponholders.

4.5 *Investment by Trustee*

- (a) Following the security becoming enforceable in accordance with Clause 4.1, if the amount of the moneys at any time available for the payment of principal, premium (if any), commitment fees (if any) and interest in respect of the Notes of any Class shall be less than 10 per cent. of the Aggregate Principal Amount Outstanding of the Notes, the Trustee may at its discretion invest such moneys in Eligible Investments. The Trustee may at its discretion accumulate such investments and the resulting income until the accumulations, together with any other funds for the time being under the control of the Trustee and available for such purpose, amount to at least 10 per cent. of the Aggregate Principal Amount Outstanding of the Notes, and then such accumulations and funds (after deduction of, or provision for, any applicable taxes) shall be applied in accordance with the Enforcement Priority of Payments.
- (b) Subject to Clause 4.5(a), any moneys which under this Trust Agreement may be invested by the Trustee may be invested in the name or under the control of the Trustee in any investments or other assets in any part of the world whether or not they produce income or by placing the same on deposit in the name or under the control of the Trustee at such bank or other financial institution and in such currency as the Trustee may think fit. The Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.
- (c) Following the enforcement of security, the Trustee may borrow money on the security of the Mortgaged Property or any part of it in order to defray moneys, costs, charges, losses and expenses reasonably paid or incurred by it in relation to this Trust Agreement (including the costs of realising any security and the remuneration of the Trustee) or in exercise of any of the powers contained in this Trust Agreement. The Trustee may borrow such money on such terms as it shall think fit and may secure its repayment with interest thereon by charging all or part of the Mortgaged Property whether or not in priority to the security constituted by or pursuant to this Trust Agreement and generally in such manner and form as the Trustee acting reasonably shall think fit and proper and for such purposes may take such other action as it shall acting reasonably think fit and proper.

5. REPRESENTATIONS OF THE TRUSTEE

The Trustee represents and warrants that as of the date hereof:

- (i) it is validly existing under the laws under which it is incorporated or, where such concept applies, the laws where its principal place of business is located, and has the legal capacity and authority to perform the duties ascribed to it under the Transaction Documents; and
- (ii) this Trust Agreement has been duly authorised, executed and delivered by the Trustee.

6. DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

6.1 *Scope of Trustee Duties*

The Trustee undertakes to (aa) perform only such duties as are specifically set forth in the Transaction Documents to which it is a party and in the Conditions and (bb) exercise reasonable discretion in the matters expressed in such agreements or documents to be subject to its decision or action or subject to the decision or action of the Issuer if the Issuer fails to act in a reasonable period of time. No implied covenants or obligations shall be read into the Transaction Documents against the Trustee.

6.2 *Standard of Care*

The Trustee shall be liable for breach of its obligations under this Trust Agreement only if and to the extent that it fails to meet the standard of care of a prudent merchant (*Sorgfaltspflicht eines ordentlichen Kaufmanns*).

6.3 *Money held by Trustee*

Money held by the Trustee in connection with its capacity as Trustee shall be held in trust (*treuhänderisch*) and shall be segregated from other property held by the Trustee. The Trustee shall be under no liability for interest on any money received by it in such capacity except as otherwise agreed upon with the Issuer.

6.4 *Custody of Documents*

The Trustee shall take delivery of and keep in custody the documents which are delivered to it in respect of the Transaction Documents (if any) and shall (i) keep such documents for one calendar year after the termination of this Trust Agreement or (ii) deliver such documents to the new Trustee if the Trustee is replaced in accordance with Clause 15 (*Appointment, Removal and Retirement of Trustee; Termination*) hereof.

6.5 *Notices and Information*

- (a) The Trustee shall promptly deliver to the Noteholders and the Rating Agencies a copy of any notice received by it in connection with any agreement to amend, modify, or terminate the Collateral Administration Agreement or the Collateral Management Agreement or any of the other Transaction Documents or in connection with any agreement providing for the succession of any other Person as Collateral Manager, Collateral Administrator or Investment Board Provider thereunder.
- (b) The Trustee shall, within two Business Days of receipt of a Redemption Notice, give notice thereof to the Collateral Manager, the Issuer, the Investment Board, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider, each Agent and, so long as any of the Notes are listed on the Irish Stock Exchange and the rules of that exchange so requires, the Irish Stock Exchange.
- (c) The Trustee shall give all notices required to be given by it pursuant to the Transaction Documents upon the relevant information becoming available to the Trustee.
- (d) The Trustee shall promptly respond to all requests of the Collateral Manager and the Collateral Administrator in connection with their duties under the Collateral Management Agreement and the Collateral Administration Agreement as the case may be, and provide any information which is available to the Trustee by reason of its acting as Trustee hereunder and which is not held by the Trustee subject to a duty of confidentiality to a third party and is required to permit the Collateral Manager and the Collateral Administrator to perform their respective obligations under the Collateral Management Agreement and the Collateral Administration Agreement.
- (e) The Trustee shall provide each Rating Agency with such information as such Rating Agency may from time to time reasonably request which is within the possession of the Trustee by reason of its acting as Trustee hereunder and which is not held by the Trustee subject to a duty of confidentiality to a third party.
- (f) Nothing in this Clause 6.5 shall be construed to impose upon the Trustee any duty to prepare any Monthly Report or to calculate or compute information required to be set forth in any such Monthly Report.

6.6 *Termination of Collateral Manager and Investment Board Provider*

- (a) The Issuer shall promptly notify the Noteholders in accordance with Condition 15 and the Rating Agencies of any notice it receives from the Collateral Manager that the Senior Manager

is no longer employed by the Collateral Manager or an Affiliate. Together with the notification given to the Noteholders, the Issuer shall invite the Noteholders to give directions pursuant to Clause 7.2 of the Collateral Management Agreement.

- (b) Upon a termination of the Collateral Management Agreement pursuant to Clause 7.2(vi) thereof and/or the Investment Board Agreement pursuant to Clause 8.3 thereof, the Trustee (acting on behalf of the Issuer) will appoint the replacement collateral manager (in accordance with Clause 7.5 of the Collateral Management Agreement) and/or the replacement investment board provider (in accordance with Clause 8.5 of the Investment Board Agreement) without undue delay and will notify such appointment to the Noteholders in accordance with the Conditions.

6.7 *Breach of Obligations by the Issuer*

If the Trustee in the course of its activities referred to in this Trust Agreement obtains knowledge that the existence or the value of the Collateral is at risk due to any failure of the Issuer properly to discharge its obligations under this Trust Agreement or the other Transaction Documents to which it is a party, the Trustee shall, at its discretion, take or initiate all actions which in the opinion of the Trustee are desirable or expedient to avert such risk.

6.8 *Trustee to View Noteholders as a Class*

In connection with the exercise by it of any of its duties, obligations and discretions hereunder or under the Transaction Documents or the Notes, the Trustee shall have regard to the interests of the Noteholders of each Class as a class and, in particular but without limitation, shall not have regard to 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 or any political sub-division thereof and the Trustee shall not be entitled to require from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

6.9 *Conflicts of Interest*

- (a) subject as specified in Condition 17 in respect of the Combination Notes, the Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by this Trust Agreement, the Transaction Documents or the Notes (including the Conditions), except where expressly provided otherwise, solely have regard to the interests of the Noteholders (and not the other Secured Parties) and the interests of the Noteholders shall prevail in the event of any conflict of interest between the Noteholders and any other Secured Party. Except where expressly provided otherwise, where in the opinion of the Trustee there is a conflict between the interests of different Classes of Noteholders, the Trustee shall have regard to the interests of the holders of the Controlling Class (and not the other Classes of Notes), whose interests shall prevail and shall act in accordance with the directions of Noteholders of such Controlling Class. If the holders of the Controlling Class, where such Controlling Class comprises the Class A1 Notes, do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of (a) the Class A2 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders, (b) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders; (c) the Class C Noteholders over the Class D Noteholders and the Subordinated Noteholders; and (d) the Class D Noteholders over the Subordinated Noteholders. For this purpose, the Combination Noteholders shall not be deemed to have an interest except to the extent of each of the Components of the Combination Notes which will be treated as Notes of the Class to which such Component relates. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or other Class given priority as described in this paragraph), each representing less than the Relevant Percentage or less than the Majority or less than any other percentage as set out in the relevant Transaction Document or in the Conditions by Principal Amount Outstanding of the Controlling Class (or other Class given priority as described in this paragraph), the Trustee shall have regard only to the interests of the group which holds the greater amount of Notes

Outstanding of such Class. The Trustee shall not be obliged to consider the interests of the holders of any other Class(es) of Notes.

- (b) So long as any of the Notes of any Class remains Outstanding, the Trustee shall, as regards all the powers, authorities, duties and discretions vested in it by this Trust Agreement except where expressly provided otherwise, have no regard to the interests of any Secured Party other than the Noteholders and no Secured Party other than the Noteholders shall have any claim against the Trustee for so doing.
- (c) In the event of a conflict between the interests of different Secured Parties other than the Noteholders, the Trustee shall give priority to the Secured Parties ranking senior pursuant to the relevant Priorities of Payment.

6.10 *Notices by Noteholders*

Any instructions, consents and other notices which may be given by the Noteholders to the Trustee pursuant to the Conditions or the other Transaction Documents shall be valid if made as follows:

- (i) if given by one or more Noteholders together with proof of the Notes held at the time the relevant notice is given, provided that such Notes meet the relevant requirements as to the minimum aggregate Principal Amounts Outstanding of the relevant Classes stipulated in the Conditions or in any relevant Transaction Document to the satisfaction of the Trustee; or
- (ii) if given by an Extraordinary Resolution, provided that the relevant instruction, consent or other notice can be given by an Extraordinary Resolution in accordance with the Conditions, this Trust Agreement or any other Transaction Document.

The Trustee shall notify all the Noteholders in accordance with Condition 15 (*Notices*) of any instruction, consent or other notice validly given pursuant to (i) and (ii) above.

7. RIGHTS OF THE TRUSTEE

7.1 *Trustee's Powers to be Additional*

The powers conferred upon the Trustee by this Trust Agreement shall be in addition to any powers which may from time to time be vested in the Trustee by applicable law or as a Noteholder.

7.2 *Advice*

The Trustee may in relation to this Trust Agreement act on the advice or opinion of or any information obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert or professional adviser whether obtained by the Issuer, the Trustee or otherwise which may absent manifest error be relied upon by the Trustee notwithstanding that such advice, opinion certificate, report, engagement letter or any other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the providers of such advice, opinion or information or such other person in respect thereof and shall not be responsible for any Loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telegram, facsimile transmission, e-mail or cable or SWIFT; and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telegram, facsimile transmission, e-mail or cable or SWIFT although the same shall contain some error or shall not be authentic, unless the Trustee has not acted in good faith.

7.3 *Certificate Signed by Authorised Signatory*

The Trustee in the exercise of its functions hereunder may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or of the expediency of any transaction or thing a certificate signed by any authorised signatory of the Issuer and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Loss that may be occasioned by it or any other person acting on such certificate.

7.4 *Deposit of Documents*

The Trustee in the exercise of its functions hereunder shall be at liberty to hold or to place this Trust Agreement and any other documents relating hereto in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute and the Trustee shall not be responsible for or required to insure against any Loss incurred in connection with any such deposit and may pay all sums required to be paid on account of or in respect of any such deposit.

7.5 *Payment for and Delivery and Exchange of Notes*

The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Notes by the Issuer, the exchange of interests in any Global Bearer Note for Definitive Bearer Notes, the exchange of interests in Class A1 Delayed Draw Notes that are Registered Notes into Bearer Notes or of interests in any Combination Note into the Notes to which the Components of such Combination Note relate or the delivery of any Global Bearer Note or Definitive Bearer Notes to the person(s) entitled to it or them.

7.6 *Trustee to Assume Performance*

The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in this Trust Agreement or to take any steps to ascertain whether any Event of Default or any Potential Event of Default has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no Event of Default or Potential Event of Default has occurred and is continuing, that the Issuer is observing and performing all its obligations under this Trust Agreement and the Transaction Documents, that the other parties to the Transaction Documents are duly performing and observing all of the provisions thereof binding on or relating to them; and that any right, power, authority or discretion vested in any person has not been exercised.

7.7 *Reliance on Resolutions; Exercise of Powers*

The Trustee shall not be liable to any person by reason of having acted in good faith upon any written direction or consent of the Noteholders or any resolution of Noteholders (in respect of the exercise of their rights under the Conditions or any other Transaction Document) purporting to have been passed at or in lieu of any meeting of the Noteholders of a Class in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution or that not all the Noteholders had signed the relevant direction or consent or such directions or consents were not signed by the requisite number of Noteholders or that for any reason the resolution was not valid or binding upon such Noteholders.

Save as expressly otherwise provided in this Trust Agreement, the Trustee shall have discretion as to the exercise or non-exercise of its powers, authorities and discretions under this Trust Agreement (the exercise or non-exercise of which as between the Trustee and the Noteholders and Couponholders shall be conclusive and binding on the Noteholders and Couponholders) and shall not be responsible for any Loss which may result from their exercise or non-exercise and in particular the Trustee shall not be bound to act at the request or direction of the Noteholders or otherwise under any provision of this Trust Agreement or to take at such request or direction or otherwise any other actions under any provision of this Trust Agreement, without prejudice to the generality of Clause 4.3(b), unless it shall first be indemnified to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing.

7.8 *Forged Notes*

The Trustee shall, unless the Trustee has actual knowledge of the opposite, not be liable to any person by reason of having accepted as valid or not having rejected any Note purporting to be such and

subsequently found to be forged or not authentic.

7.9 Consents and Approvals

Any consent or approval given by the Trustee for the purposes of this Trust Agreement may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary in this Trust Agreement may be given retrospectively.

7.10 Confidentiality

The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer or any other person in connection with this Trust Agreement or any other Transaction Documents and no Noteholder shall be entitled to take any action to obtain from the Trustee any such information, save that, as provided in this Trust Agreement, the Trustee shall inform the Noteholders forthwith upon being informed of the occurrence of an Event of Default or Potential Event of Default under the Conditions.

7.11 Currency Conversion

Where it is necessary or desirable for any purpose in connection with this Trust Agreement or any other Transaction Documents to convert any sum from one currency to another it shall (unless otherwise provided by this Trust Agreement or any other Transaction Documents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may in good faith be determined by the Trustee (having regard to then current rates of exchange) and any rate, method and date so agreed shall be binding on the Issuer and the Noteholders in the absence of manifest error.

7.12 Determinations Conclusive

The Trustee as between itself and the Noteholders may determine all questions and doubts arising in relation to any of the provisions of this Trust Agreement. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive in the absence of manifest error and shall bind the Trustee and the Noteholders.

7.13 Trustees' Professional Charges

Any trustee of this Trust Agreement being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the rights and obligations constituted by this Trust Agreement and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with this Trust Agreement.

7.14 Enforceability etc. of Documents

The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Trust Agreement, any Transaction Document or any other document relating thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Agreement, any Transaction Document or any other document relating thereto.

7.15 Certificates as to holdings

The Trustee may call for any certificate or other document to be issued by any Clearing System in

relation to each Global Bearer Note, and by the Registrar in relation to each Registered Note, as to the Principal Amount Outstanding of any Class of Notes represented by, respectively, those Global Bearer Notes and those Registered Notes standing to the account of or respectively registered in the name of any person. Any such certificate or other document shall be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by the relevant party and subsequently found to be forged or not authentic.

7.16 Title of the Issuer to Mortgaged Property

The Trustee shall accept without investigation, requisition or objection such right and title as the Issuer has to any of the Mortgaged Property and shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Mortgaged Property or any part thereof whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not.

7.17 Insurance; Management; Reduction in Value

The Trustee shall not be under any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, any of the Mortgaged Property or any certificate, note, bond or other evidence in respect thereof, or to require any other person to maintain any such insurance or monitor the adequacy of any insurance arrangements relating to the Mortgaged Property. The Trustee shall not be responsible for, nor shall it have any liability with respect to any loss or theft or reduction in value or reduced payments on the Mortgaged Property and shall be exempted from any claim arising from the fact that the Mortgaged Property is held in a Clearing System or in safe custody by the Custodian, a bank or other custodian except in the case of negligence or wilful misconduct. The Trustee shall not be responsible for the validity, value, sufficiency and enforceability (which the Trustee has not investigated) of the Collateral or the Mortgaged Property).

7.18 Deficiency Arising from Tax

The Trustee shall have no responsibility whatsoever to the Issuer or any Noteholder as regards any deficiency which might arise because the Trustee, any receiver, the Custodian or the Issuer is subject to any tax in respect of the Mortgaged Property, income therefrom or the proceeds thereof.

7.19 Validity of Security

The Trustee assumes no responsibility for the validity, sufficiency or enforceability of the security purported to be created by or referred to in this Trust Agreement. In addition, the Trustee has no duty to monitor the performance by the Agents, the Collateral Manager, the Investment Board Provider (including the Investment Board) or the Collateral Administrator of its obligations to the Issuer nor is it obliged (unless fully indemnified to its satisfaction) to take any other action which may involve the Trustee in any personal liability or expense.

7.20 Trustee's Liability

The Trustee shall not be liable for any Losses which may result from any act or omission of the Trustee where such act or omission is in compliance with the provisions of this Trust Agreement and the other Transaction Documents.

The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Notes or any series thereof or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any Loss incurred thereby.

7.21 Reliance on Certificates

The Trustee shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or anything suffered by it in reliance in good faith upon any note, notice, direction,

consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties. The Trustee is entitled to require any notice, direction, consent, certificate, affidavit, statement or other paper or document from the Issuer to be presented in writing and signed by an authorised person or authorised persons. The Trustee, in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit.

7.22 Ratings

The Trustee shall have no responsibility for the maintenance of any rating of the Rated Notes by any Rating Agency or any other person.

7.23 Illegality and Own Funds

No provisions of this Trust Agreement or the Transaction Documents shall require the Trustee to do anything which may be illegal or contrary to applicable law or regulation, to an order by a court of competent jurisdiction or to its fiduciary duty or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it reasonably believes that repayment of such funds or adequate indemnity against such risk or the liability is not assured to it.

7.24 Hedging and Portfolio

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of the Hedge Counterparty or the validity of the Hedge Counterparty's obligations (or the guarantor thereof) under the Hedge Agreement respectively and any transaction entered into pursuant thereto (including, without limitation, whether the cash flows from the Portfolio, the transactions entered into under the Hedge Agreement and the terms of the Notes are consistent or adequately hedged) or the validity of any guarantor's obligations in relation to the Hedge Counterparty. The Trustee shall not be bound to evaluate the performance of the Portfolio or to review any information provided to it under the Collateral Management Agreement (except to the extent it is required to do so under the Transaction Documents).

7.25 Defects in Perfection

The Trustee shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the security referred to in this Trust Agreement or failure to call for delivery of documents of title to such security or to require any further assurances in relation to any assets or property comprised in the Mortgaged Property.

7.26 Notes held by Issuer

In the absence of knowledge or express notice to the contrary, the Trustee may assume that no Note is for the time being held by or on behalf of the Issuer.

7.27 Certification of Default

The Trustee may, but shall not be obliged to, certify whether or not any failure or breach referred to in Condition 9 (each of which failures and breaches shall, unless in any case the Trustee in its discretion shall otherwise determine, for all the purposes of this Trust Agreement be deemed to include the circumstances resulting therein and the consequences resulting therefrom) is in its opinion materially prejudicial to the interests of the relevant Noteholders and any such certificate shall be conclusive and binding upon the Issuer and the relevant Noteholders.

7.28 Depreciation

Until such time as the security in relation to the Notes shall have become enforceable the moneys

standing to the credit of any Account comprised in the Mortgaged Property shall be dealt with in accordance with the provisions of this Trust Agreement, the Agency Agreement and the other Transaction Documents and the Trustee shall not be responsible for any loss occasioned thereby whether by depreciation in value or by fluctuation in exchange rates or otherwise unless such loss is occasioned by the wilful misconduct or negligence of the Trustee.

7.29 Appointment of custodian

The Trustee may, at its own expense, appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets held on trust hereunder as the Trustee may determine, including for the purpose of depositing with a custodian this Trust Agreement or any other document in relation to the Notes and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person. The Trustee is not obliged to appoint a custodian if the Trustee invests in securities payable to bearer.

7.30 Trustee as Noteholder

Without prejudice to any of the rights and obligations of the Trustee under this Trust Agreement, the Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes.

7.31 No liability under instruments included in the Mortgaged Property

Except as otherwise expressly provided herein, the Trustee shall not have any obligations or liabilities under any instruments included in the Mortgaged Property by reason of or arising out of this Trust Agreement, nor shall the Trustee be required or obligated in any manner other than as specified herein to perform or fulfil any obligations of the Issuer under or pursuant to such instruments or to make any payment, to present or file any claim or to take any action to collect or enforce the payment of any claims in respect of which it may have a security interest or be otherwise entitled, and prior to an Event of Default, to make any inquiry as to the nature or sufficiency of any payment received by it. Unless otherwise set forth expressly in this Trust Agreement or in any other Transaction Document, the Trustee shall not be obliged to supervise the discharge by the Issuer of its payment and other obligations arising from the Notes or any other Transaction Document or to carry out duties which are the responsibility of the management of the Issuer or any other Secured Party.

7.32 Records; Management of the Mortgaged Property; Rating Agency Confirmation

The Trustee shall not be responsible or liable for the actions or omissions of, or any inaccuracies in the records of, any custodian, clearing system, Common Depository, Euroclear or Clearstream, Luxembourg or for the acts or omissions of the Collateral Manager or the Issuer or any other party to any Transaction Document and is exempted from any responsibility for the administration, selection and management of the Mortgaged Property including the request by the Collateral Administrator to release any of the Mortgaged Property from time to time.

The Trustee may request, and take into consideration the granting or denial of, a Rating Agency Confirmation (i) when determining if any action (including without limitation any Extraordinary Resolution by Noteholders) is prejudicial to the interests of the Noteholders or the Noteholders of any Class; or (ii) prior to taking or omitting to take any action or exercising or omitting to exercise any, right, power or discretion hereunder.

7.33 Limitations on Trustee's Responsibility

The Trustee shall not be obliged to investigate, and shall not be responsible for investigating:

- (a) any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person (other than the Trustee) contained in this Trust Agreement, the Notes, or any other

Transaction Document or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof;

- (b) the nature, status, creditworthiness or solvency of the Issuer or of any obligor in respect of the Mortgaged Property or any other entity who has at the time provided any security or support whether by way of guarantee, charge or otherwise in respect of the Mortgaged Property;
- (c) the title, ownership, value, sufficiency or existence of any Collateral Debt Securities, Eligible Investments or any other asset contained in the Portfolio;
- (d) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with any Collateral Debt Securities, Eligible Investments or any other property being the subject of the Mortgaged Property or any Transaction Documents;
- (e) any accounts, books, records or files maintained by the Issuer or any other Person (except the Trustee itself) in respect of any of the Mortgaged Property or any other document being the subject of the Mortgaged Property or any Transaction Documents;
- (f) any other documents connected with any Mortgaged Property or any other property being the subject of the Transaction Documents or any document entered into in connection therewith whether or not similar to the foregoing;
- (g) assessing the suitability of the Mortgaged Property or of the assets contained therein, nor shall the Trustee be responsible for assessing whether the Eligibility Criteria have been met in relation to any Collateral Debt Securities;
- (h) any failure to require the deposit with it of any deed or document certifying, representing or constituting the title of the Issuer to any of the Mortgaged Property; or
- (i) any failure of any party other than the Trustee to obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Transaction Documents or the Collateral.

7.34 *Costs; Advances*

The Trustee shall only be obliged to perform its Trustee Duties if, and to the extent that:

- (1) it is convinced (on reasonable grounds) that its fees and costs and disbursements pursuant to Clause 14.1 and 14.2 hereunder reasonably and properly incurred or to be incurred will be paid and it will be indemnified to its satisfaction (either by reimbursement of costs or in any other way it deems appropriate) against all losses, liabilities, obligations, actions in and out of court, costs, expenses and disbursements (including those of advisors) pursuant to Clause 14.6; or
- (2) the Issuer has, upon the Trustee's request, paid an adequate advance for the Trustee's claims pursuant to (1) above.

8. TRUSTEE CONTRACTING WITH ISSUER AND SECURED PARTIES

Neither the Trustee nor any director or officer of a corporation acting as a trustee under this Trust Agreement shall by reason of its or his fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any person or body corporate associated with the Issuer or any Secured Party (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with the Notes or any other notes, stocks, shares, debenture stock, debentures, notes, bonds, loans or other securities of, the Issuer or any Secured Party or any person or body corporate associated as aforesaid); or

- (b) accepting or holding the trusteeship of any other trust agreement constituting or securing any other securities issued by or relating to the Issuer or any such person or body corporate so associated or any Secured Party or any other office of profit under the Issuer or any such person or body corporate so associated,

and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other benefit received thereby or in connection therewith.

9. POWER OF ATTORNEY

The Issuer hereby grants the Trustee power of attorney, waiving the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under the laws of any other countries, with the right to grant substitute power of attorney, (i) to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents to which it is a party (except for the rights *vis-à-vis* the Trustee) and (ii) in the name of the Issuer, to collect payments made under the Pledged Obligations, to exercise all rights and claims of the Issuer in respect of and to otherwise administer the Pledged Obligations, to sell and transfer the Pledged Obligations, to dispose of any credit on the Accounts, and perform any other action in relation thereto as permitted pursuant to Clause 4 (*Realisation of Mortgaged Property*). Such power of attorney shall be irrevocable. It shall expire as soon as a new Trustee has been appointed pursuant to Clause 15 (*Appointment, Retirement and Removal of Trustee; Termination*) and the Issuer has issued a power of attorney to such new Trustee having the same contents as the power of attorney previously granted in accordance with the provisions of this Clause 9. The Trustee shall act under this power of attorney in relation to the exercise of its rights and obligations under this Trust Agreement only.

10. UNDERTAKINGS AND COVENANTS OF THE ISSUER

10.1 Duration

The Issuer shall take such steps as are reasonable to enforce all of its rights under the Transaction Documents. The undertakings and covenants set out in this Clause 10 shall remain in force for so long as any of the Notes remain Outstanding.

10.2 Information

The Issuer shall give or procure to be given to the Trustee such opinions, certificates, information and other evidence as the Trustee, any appointee or any person to whom the Trustee delegates any power, authority or discretion shall reasonably require and in such form as it shall reasonably require (including without limitation the procurement by the Issuer of all such certificates called for by the Trustee, any appointee or any person to whom the Trustee delegates any power, authority or discretion in accordance with this Trust Agreement) for the purpose of the discharge or exercise of the duties, powers, authorities and discretions vested in it under this Trust Agreement, the other Transaction Documents or by operation of law.

10.3 Books of Account

The Issuer shall at all times keep proper books of account in its office in Luxembourg and allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access upon reasonable notice to such books of account at all reasonable times during normal business hours.

10.4 Financial Statements and Circulars

The Issuer shall cause to be prepared and shall send, or cause to be sent, to the Trustee two copies in

English of every balance sheet, profit and loss account, one copy of each Monthly Report, circular and notice of general meeting and every other document issued or sent to its shareholders generally together with any of the foregoing, and every document issued or sent to holders of securities generally other than its shareholders (including the Noteholders) as soon as practicable after the issue or publication thereof or within 10 days of a request by the Trustee (and in the case of the financial statements within 180 days after the end of the financial year).

10.5 *Available Information*

The Issuer shall make available for inspection by the Noteholders at its registered office and the specified office of the Principal Paying Agent copies (in English, or accompanied by an English translation thereof) of the Issuer's constitutional documents, the most recently available audited annual financial statements of the Issuer, the most recently available published interim financial statements (if any) of the Issuer, the Transaction Documents and the Prospectus.

10.6 *Certificate of No Default*

The Issuer shall give to the Trustee, the Rating Agencies and the Collateral Manager promptly after request and at least once a year promptly after its annual accounts have been prepared, a certificate of the Issuer signed by an authorised signatory of the Issuer to the effect that as at a date not more than seven days before the delivery of such certificate (the "**Certification Date**") there did not exist and had not existed since the Certification Date of the previous certificate (or in the case of the first such certificate the date of this Trust Agreement) any Event of Default or any Potential Event of Default or any other matter which is required (pursuant thereto) to be brought to the Trustee's attention (or if such event exists or existed, specifying the same) and that during the period from and including the Certification Date of the last such certificate (or in the case of the first certificate, the date of this Trust Agreement) to and including the Certification Date of such certificate, the Issuer has complied with all its obligations contained in this Trust Agreement or (if such is not the case) specifying the respects in which it has not complied.

10.7 *Maintenance of Listing*

The Issuer shall use its best endeavours to procure the admission and to maintain the listing of the Notes on the regulated market of the Irish Stock Exchange or, if it is unable to do so having used its best endeavours use all reasonable endeavours promptly to obtain and thereafter to maintain a quotation or listing for such Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the approval of the Trustee) decide and shall also, upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets, effect such consequential amendments to this Trust Agreement or other Transaction Documents as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market.

10.8 *Approval of Notices*

The Issuer shall obtain the prior written approval of the Trustee (such approval not to be unreasonably withheld) to, and promptly give to the Trustee two copies of, the form of every notice to be given to the Noteholders or any of them in accordance with Condition 15 (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (the FSMA) of any such notice which is a communication falling within the scope of Section 21 of the FSMA).

10.9 *Compliance by Issuer*

- (a) The Issuer will comply in all material respects with applicable laws, rules, regulations, judgements, awards and orders with respect to it, its business and its properties.
- (b) The Issuer shall comply with its obligations and enforce and exercise its rights under the Transaction Documents.

- (c) Subject to Clause 4 (Realisation of the Mortgaged Property), the Issuer will take such steps as are reasonable to enforce all its rights in respect of the Mortgaged Property.

10.10 *Covenants and Restrictions*

For so long as any of the Notes remains Outstanding, save as otherwise contemplated in the Transaction Documents, the Issuer covenants to the Trustee, that, it will not, without the prior written consent of the Trustee and prior written notice to the Rating Agencies,

- (a) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the assets comprising the Mortgaged Property, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the assets comprising the Mortgaged Property;
- (b) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over, any of its other property or assets or any part thereof or interest therein;
- (c) engage in any business other than:
 - (i) acquiring, holding and disposing of the assets comprised in the Mortgaged Property;
 - (ii) issuing and performing its obligations under the Notes and the Coupons;
 - (iii) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Transaction Documents and the other agreements ancillary thereto; or
 - (iv) performing any act incidental to or necessary in connection with any of the above;
 - (d) amend any term or Condition of the Notes of any Class;
 - (e) without prejudice to Clause 10.26, agree to any amendment to any provision of or grant any waiver or consent under any Transaction Document or any other agreement ancillary thereto;
- (f) incur, assume, or guarantee or become directly or indirectly liable with respect to any indebtedness or any contingent obligations (other than pursuant to the Transaction Documents and the other agreements and transactions expressly contemplated hereby);
- (g) amend its constitutional documents;
- (h) have any subsidiaries;
- (i) have any employees;
- (j) enter into any reconstruction, amalgamation, merger or consolidation;
- (k) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person;
- (l) issue any additional shares nor redeem or purchase any of its issued share capital;
- (m) release from or terminate the appointment of any parties under the Transaction Documents;
- (n) enter into any lease in respect of, or own, premises;
- (o) maintain any bank accounts other than the Accounts, the Custody Account, the share capital account of the Issuer or any account to which the Credit Support Deed refers;
- (p) permit or consent to any of the following occurring:
 - (i) its books and records being maintained with or co-mingled with those of any other person or entity;
 - (ii) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;
 - (iii) its assets or revenues being co-mingled with those of any other person or entity; or

- (iv) its business being conducted other than in its own name;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

- (A) separate financial statements in relation to its financial affairs are maintained;
- (B) all corporate formalities with respect to its affairs are observed;
- (C) separate stationery, invoices and cheques are used;
- (D) it always holds itself out as a separate entity; and
- (E) any known misunderstandings regarding its separate identity are corrected as soon as possible.

10.11 *Legal Opinions*

The Issuer shall procure the delivery of legal opinions required to be delivered pursuant to the Conditions of the Notes and/or this Trust Agreement addressed to the Trustee dated the date of such delivery, in form and content acceptable to the Trustee.

10.12 *Debts*

The Issuer shall pay its debts generally as they fall due.

10.13 *Corporate Existence*

The Issuer shall do all such things as are necessary to maintain its corporate existence and shall keep in full force and effect its rights as a company, and at all times carry on and conduct its affairs in a proper and efficient manner in compliance with any requirements of law and any regulatory direction from time to time in force in any jurisdiction in which the Issuer carries on business and in compliance with its constitutional documents.

10.14 *Certificates*

The Issuer shall use all reasonable endeavours to procure that the Registrar, Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System (as the case may be) issue(s) any certificate or other document requested by the Trustee under Clause 7.15 (*Certificates as to holdings*) as soon as practicable after such request.

10.15 *Notification to each Rating Agency*

- (a) So long as any of the Rated Notes remains Outstanding, the Issuer shall or, if (but only if) the Collateral Manager or the Collateral Administrator has received the relevant notice, copies or other information described in (i) to (xx) below, shall procure that the Collateral Manager or the Collateral Administrator, as relevant, provides to each Rating Agency in writing:
 - (i) notice of any proposed change in the indebtedness of the Issuer incurred in accordance with Condition 16 (Additional Issuances) or otherwise;
 - (ii) copies of such documents as each Rating Agency may request which are produced in respect of any Further Notes issued by, or any other financial indebtedness incurred by, the Issuer;
 - (iii) notice of any amendment to the Conditions;
 - (iv) notice of any removal, termination or resignation of the Trustee, the Collateral Manager, the Collateral Administrator, the Investment Board Provider, any Paying Agent, the Domiciliation Agent, the Calculation Agent, the Liquidity Facility Provider or the Registrar or any appointment of a new Trustee, Collateral Manager, Investment Board Provider, Collateral Administrator, Paying Agent, Domiciliation Agent, Calculation Agent, Liquidity Facility Provider or Registrar;

- (v) notice of appointment or employment of any delegate or agent by the Trustee in accordance with Clause 11 (Retaining of Third Parties by Trustee);
 - (vi) notice of any removal or resignation of the Custodian or the Account Bank or any appointment of a new Custodian or Account Bank, together with details of the rating assigned to such entity's long-term and short-term debt, which must bear at least the requisite Required Rating;
 - (vii) notice of:
 - (A) the calculation of any Total Redemption Amount pursuant to Condition 6(j) and the satisfaction of any of the conditions set out therein;
 - (B) the giving of any Redemption Notice pursuant to Condition 6 of the Conditions; and
 - (C) the payment in full of any Class of Notes otherwise than upon their scheduled maturity date;
 - (viii) notice of any waiver under or modification made to this Trust Agreement or any Transaction Document and any waiver to, or consent given by the Trustee in relation to, any of the undertakings and covenants set out in this Clause 10;
 - (ix) notice of the creation of any additional lien or charge in respect of the Mortgaged Property relating to the Notes which is not permitted by this Trust Agreement, the Security Agreements or the Conditions;
 - (x) notice of any substitution of the Issuer as the primary obligor under any Class of Notes;
 - (xi) notice of the occurrence of any default under, or termination of, the Hedge Agreement;
 - (xii) notice of the imposition of any withholding tax on amounts payable to or by the Issuer under the Hedge Agreement or on amounts payable to the Issuer in respect of any Mortgaged Property;
 - (xiii) notice of any disposition or other dealing in its shares and of the proposal or passing of any resolution to wind up the Issuer;
 - (xiv) notice of the passing of any Extraordinary Resolution of Noteholders, or the giving to the Issuer of a request in writing of the holders of any requisite percentage of the Principal Amount Outstanding of any Class of Notes in accordance with the Conditions thereof and details of the subject matter thereof;
 - (xv) a copy of each Monthly Report;
 - (xvi) any information delivered to the Trustee hereunder;
 - (xvii) copies of any further hedge agreement entered into by the Issuer in addition to the Hedge Agreement entered into on the Closing Date;
 - (xviii) notice of any appointment by the Collateral Manager of third parties to render advice and assistance under the Collateral Management Agreement;
 - (xix) notice of any Event of Default or Potential Event of Default, and
 - (xx) such other information as each Rating Agency may reasonably require.
- (b) For so long as any of the Rated Notes remains Outstanding, the Issuer will not:
- (i) issue any Further Notes or incur any financial indebtedness, save as permitted by the Conditions;
 - (ii) appoint any replacement Collateral Manager or Investment Board Provider;
 - (iii) substitute any New Issuer for itself as Issuer other than in accordance with Condition 13; or
 - (iv) make any change in its place of residence for taxation purposes other than in accordance with Condition 13,

unless the Trustee has received the Rating Agency Confirmation in respect thereof.

10.16 Reaffirmation of Rating

The Issuer shall, within 2 days of the Ramp-Up Effective Date, cause the Collateral Administrator to request the Rating Agencies to confirm the ratings on the Rated Notes within 20 days of the Ramp-Up Effective Date and, so long as any of the Rated Notes remains Outstanding and, subject to any obligation of confidentiality to which the Collateral Administrator may be subject, to the extent the information is available to the Collateral Administrator, to respond, on behalf of the Issuer, to any queries the Rating Agencies may reasonably have in relation to the Portfolio in relation to such request for ratings confirmation.

10.17 Non-revocation of Powers of Attorney

The Issuer shall not revoke the powers of attorney granted to the Collateral Administrator or the Investment Board Provider in the Collateral Administration Agreement or the Investment Board Agreement, respectively, without the prior written consent of the Trustee.

10.18 Accounts

The Issuer shall procure that amounts are paid into and out of each of the Accounts only in accordance with the Conditions and the Transaction Documents.

10.19 Notice of Potential Event of Default

The Issuer will give the Trustee and the Collateral Manager notice in writing promptly upon becoming aware of the occurrence of any Potential Event of Default.

10.20 Notice of Rating Downgrade or Rating Withdrawal

The Issuer shall promptly notify the Trustee in writing upon becoming aware that any of the ratings assigned to the Rated Notes has been, or will be, changed or withdrawn.

10.21 Preparation of Reports

The Issuer shall procure the preparation of a Monthly Report each of which shall be prepared in accordance with the terms and conditions set out in the Collateral Administration Agreement.

10.22 Notification of Event of Default; Notice of termination event

- (a) The Issuer shall notify the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator and each Rating Agency in writing promptly on becoming aware of the occurrence of an Event of Default and shall promptly provide evidence of such Event of Default reasonably requested by any of them.
- (b) Promptly upon becoming aware thereof, the Issuer shall notify the Trustee of any termination event under any Transaction Document (other than an Event of Default) and of the exercise of any termination right arising thereunder.

10.23 Maintenance of Register

The Issuer shall at all times maintain a Registrar having its office and a register of Noteholders outside of Germany. Unless otherwise required under applicable law, there should only be one Register in respect of the registered notes. Such Register or any other register required under applicable law shall be kept at all times outside Germany.

10.24 *Substitute Hedge Agreement*

The Issuer shall, upon a proposal by the Collateral Manager, in the event the Hedge Agreement is terminated, use reasonable efforts to enter into a substitute Hedge Agreement and, to the extent that the Issuer is able to, enter into such an agreement on substantially identical terms to those of the terminated Hedge Agreement. In addition, the Issuer shall use its reasonable efforts to cause the termination of the Hedge Agreement to become effective simultaneously with the entry into such substitute Hedge Agreement.

10.25 *Directors*

The Issuer shall maintain at least one director who (i) does not have and is not committed to acquire any material direct or any material indirect financial interest in, or in any Affiliate of, the Collateral Manager, the Investment Board Provider and the Notes Placement Agent, and (ii) is not connected with the Collateral Manager, the Investment Board Provider or the Notes Placement Agent as an officer, employee, former employee, promoter, underwriter, voting trustee, partner, director or person performing similar functions; and a majority of the directors shall be resident in Luxembourg.

10.26 *Certain Amendments*

The Issuer will not agree to any amendments, modifications or waivers to or of the Collateral Management Agreement and the Investment Board Agreement without the prior written consent of the Trustee and without Rating Agency Confirmation.

10.27 *General*

The Issuer shall at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the reasonable opinion of the Trustee, the Liquidity Facility Provider, the Hedge Counterparty and the Investment Board (based upon the advice of the Collateral Manager) to give effect to the Transaction Documents.

11. RETAINING OF THIRD PARTIES BY TRUSTEE

The Trustee may in the conduct of the rights and obligations constituted by this Trust Agreement and in the interests of the Noteholders instead of acting personally employ and pay an agent (*Erfüllungsgehilfe*) or appointee (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with this Trust Agreement (including the receipt and payment of money). The Trustee shall within a reasonable time after engaging any such agent, give notice thereof to the Issuer.

If and to the extent the Trustee delegates the performance of its Trustee Duties to any agent or delegate in accordance with this Trust Agreement, the Trustee shall remain obliged to perform its duties hereunder notwithstanding any such delegation if it has actual knowledge that, and to the extent that, any such agent or delegate does not perform its duties in accordance with the standard of care imposed on the Trustee under this Trust Agreement. Subject to the preceding sentence, any breach in the performance of the delegated obligations of such agent or delegate shall not be treated as a breach of obligation by the Trustee and the Trustee shall neither be responsible to supervise nor in any way be responsible for any liability incurred by reason of any act, omission, misconduct or default on the part of any such agent or delegate; however, the Trustee shall remain liable for the reasonably careful selection of any such agent or delegate. The Trustee shall promptly notify the Issuer of every such delegation.

12. PROTECTION OF THIRD PARTIES

No purchaser, mortgagee or other person or company dealing with the Trustee or its agents shall be concerned to enquire whether the Secured Obligations have become due and payable, whether any power which the Trustee is purporting to exercise has become exercisable, whether the security constituted pursuant to this Trust Agreement has become enforceable or to see to the application of any money paid to the Trustee. The Trustee's receipt for any moneys paid to it shall discharge the person paying them and such person shall not be responsible for their application.

13. FEES, DUTIES AND TAXES

The Issuer will pay any stamp, issue, registration, documentary and other fees, duties and taxes, including interest and penalties, payable on or in connection with (a) the execution and delivery of this Trust Agreement, (b) the constitution and original issue of the Notes, (c) any filing necessary for the perfection of the security created pursuant to or referred to in this Trust Agreement and (d) any action taken by or behalf of the Trustee or (where so permitted under this Trust Agreement) any Noteholder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, this Trust Agreement or any other Transaction Document.

14. REMUNERATION AND INDEMNIFICATION OF TRUSTEE

14.1 Payment of Remuneration

The Issuer shall pay to the Trustee remuneration for its services as trustee as from the date of this Trust Agreement upon each Payment Date in accordance with the Priorities of Payments and upon redemption of the Notes in full, such remuneration to be at such rate as agreed between the Issuer, the Notes Placement Agent and the Trustee in a separate fee letter dated the Closing Date. Such remuneration shall be paid in arrear and shall accrue from day to day and be payable up to and including the date when, all the Notes having become due for redemption, the redemption moneys and interest payable in respect thereof to the date of redemption (to the extent so payable) have been paid to the Paying Agents or the Trustee and all amounts owing to the Secured Parties under the Secured Obligations have been paid in full or otherwise duly provided for to the satisfaction of the Trustee provided that if upon due presentation of any Note or any cheque, payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue.

14.2 Additional Remuneration

In the event of the occurrence of an Event of Default or a Potential Event of Default or the Trustee considering it expedient or necessary or being requested by the Issuer or any Secured Party to undertake duties which the Trustee agrees to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Trust Agreement, the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them.

14.3 Tax

The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under this Trust Agreement insofar as such taxes are payable.

14.4 Disputes

In the event of the Trustee and the Issuer failing to agree:

- (a) (in a case to which Clause 14.1 applies) upon the amount of the remuneration; or
- (b) (in a case to which Clause 14.2 applies) upon whether such duties shall be of an exceptional

nature or otherwise outside the scope of the normal duties of the Trustee under this Trust Agreement, or upon such additional remuneration,

such matters shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee) by the President of the District Court (*Präsident des Landgerichts*) in Frankfurt am Main (the expenses involved in such nomination and fees of such investment bank being payable by the Issuer) and the determination of any such investment bank shall be final and binding upon the Trustee and the Issuer.

14.5 *Payment of Losses*

The Issuer shall also pay or discharge all Losses reasonably incurred by the Trustee or any of its appointee or delegates in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Trust Agreement, including but not limited to securities transaction charges and fees, travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Trust Agreement or any other Transaction Document.

14.6 *Indemnity*

The Issuer shall, subject to and in accordance with the relevant Priorities of Payment, indemnify and keep indemnified the Trustee in full to its satisfaction against any Loss which it properly incurs, otherwise than by reason of a breach of the standard of care provided for in Clause 6.2 by the Trustee, in respect of:

- (a) the exercise or performance or attempted exercise or performance by or on behalf of the Trustee of each of its powers, authorities, duties, discretions or obligations or any other action taken by the Trustee in relation to this Trust Agreement or any other Transaction Document, including without limitation with a view to or in connection with (i) enforcing on behalf of the Noteholders, the Couponholders and the Talonholders their respective rights under this Trust Agreement, the Notes, the Coupons, the Talons or any other Transaction Document and (ii) receiving and/or carrying out any instructions, consents and other notices which may be given by the Noteholders to the Trustee pursuant to the Conditions or the other Transaction Documents;
- (b) any omission to do anything by the Trustee under this Trust Agreement, the Notes, the Coupons, the Talons or any other Transaction Document to which the Trustee is a party; and
- (c) all Losses incurred in disputing or defending any action or omission referred to under (a) or (b) above.

References to the Trustee in this Clause 14.6 shall include any agent or appointee of the Trustee or any other person to whom the Trustee delegates any power, authority or discretion under and in accordance with this Trust Agreement or any of the other Transaction Documents, unless such person has breached the standard of care set forth in Clause 6.2.

14.7 *Currency; Interest*

All amounts payable pursuant to Clause 14.5 and/or Clause 14.6

- (a) shall be payable in euro; and
- (b) shall, subject to Clauses 14.8 and 18 hereof, be payable by the Issuer on the next Payment Date following a demand by the Trustee and in the case of payments actually made by the Trustee prior to such demand shall (if not paid within three Business Days after such demand and if the Trustee so requires) carry interest at the rate of two per cent. per annum above EONIA from (and including) the fourth Business Day following such demand. All remuneration payable to the Trustee pursuant to Clauses 14.1 and 14.2 shall carry interest at such rate from the due date

therefor.

14.8 *Timing of Payments*

Prior to enforcement of the security constituted by this Trust Agreement, all amounts which are payable by the Issuer to the Trustee pursuant to Clauses 14.1 to 14.7 (inclusive) shall become due and payable and be paid to the Trustee on each Payment Date in accordance with the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, as applicable and at any time thereafter shall become immediately due and payable upon demand therefor by the Trustee in accordance with the Enforcement Priority of Payments.

14.9 *Presentation of Invoices*

The Trustee shall present invoices in respect of all fees, expenses and other amounts (including any taxes) payable to the Trustee on each Payment Date to the Issuer, the Collateral Manager and the Collateral Administrator promptly on or before the Determination Date preceding the Payment Date on which the relevant amounts are payable.

14.10 *Survival of Clauses*

The provisions of this Clause 14 shall survive the termination of this Trust Agreement.

15. APPOINTMENT, RETIREMENT, AND REMOVAL OF TRUSTEE; TERMINATION

15.1 *New Trustee*

The power to appoint a new trustee of this Trust Agreement shall be vested in the Issuer but no person shall be appointed as a new trustee of this Trust Agreement who shall not previously have been approved by an Extraordinary Resolution of the Controlling Class of Noteholders. Any appointment of a new trustee of this Trust Agreement shall as soon as practicable thereafter be notified by the Issuer to the Noteholders, each of the other Secured Parties and, so long as any of the Rated Notes remains Outstanding, each Rating Agency.

15.2 *Separate and Co-Trustees*

Notwithstanding the provisions of Clause 15.1 above, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer, the Noteholders or the Couponholders), appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:

- (a) if the Trustee reasonably considers such appointment to be in the interests of the Noteholders;
- (b) if, in the reasonable opinion of the Trustee, such appointment is necessary to conform to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
- (c) if, in the reasonable opinion of the Trustee, such appointment is necessary to obtain a judgment in any jurisdiction or to enforce in any jurisdiction either a judgment already obtained or any of the provisions of this Trust Agreement against the Issuer.

The Issuer irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of this Trust Agreement) have such powers, authorities and discretions (not exceeding those conferred on the Trustee by this Trust Agreement) and such duties and obligations as shall reasonably be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable Losses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes this Trust Agreement be treated as Losses incurred by the Trustee,

unless the Issuer is required to directly remunerate such person or reimburse such person for such Losses incurred.

15.3 *Trustee's Retirement and Removal*

- (a) A trustee of this Trust Agreement may retire at any time on giving not less than two months' prior written notice to the Issuer without giving any reason and without being responsible for any Losses incurred by reason of such retirement other than any Losses incurred as a result of the breach of the standard of care provided for in Clause 6.2 by the Trustee. The Controlling Class may by Extraordinary Resolution remove any trustee or trustees for the time being of this Trust Agreement on not less than 90 days' written notice. The Issuer undertakes that in the event that the Trustee gives notice under this Clause or is removed by Extraordinary Resolution (as aforesaid) it will use its best endeavours to procure that a new trustee of this Trust Agreement, is appointed as soon as reasonably practicable thereafter which must have relevant experience in the European structured finance securities market and be acceptable to the Rating Agencies. If the Issuer fails to so appoint within 60 calendar days of the Trustee's notice of retirement, or the Controlling Class notice of removal, the Trustee shall have the right to appoint a replacement trustee with relevant experience in the European structured finance securities market acceptable to the Rating Agencies, however, this right shall not extinguish the Issuer's obligation under this Clause.
- (b) There shall at all times be a Trustee. The retirement or removal of any such trustee shall not become effective until a successor trustee is appointed. Any fees accrued up to the date of the Trustee's retirement or removal shall be paid by the Issuer to the retired or removed Trustee.

15.4 In the case of a replacement of the Trustee pursuant to this Clause 15:

- (i) The Trustee shall forthwith transfer the Collateral, assets and other rights it holds as fiduciary (*Treuhänder*) under any Transaction Document, as well as its Trustee Claim and any Collateral (other than the Collateral that transfers to the new holder of the Trustee Claim as a matter of law) to the successor Trustee. Without prejudice to this obligation, the Issuer shall hereby be irrevocably authorised to effect such transfer on behalf of the Trustee as set out in the first sentence and is for that purpose exempted from the restrictions under Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions contained in the laws of any other country.
- (ii) The successor Trustee shall assume the Trustee's obligations under each Transaction Document to which it is a party.
- (iii) The costs incurred in connection with replacing the Trustee shall be borne by the Issuer. If such replacement of the Trustee is due to the conduct of the Trustee constituting good cause (*wichtiger Grund*) for termination, the Issuer shall be entitled, without prejudice to any additional rights, to claim damages from the Trustee in the amount of such costs.
- (iv) The Trustee shall be obliged to account to the successor Trustee for its activities under or with respect to each Transaction Document.

15.5 Nothing herein shall prejudice any right to terminate this Agreement for good cause (*aus wichtigem Grund*) as a matter of mandatory law.

15.6 The Issuer hereby expressly accepts and confirms, for the purposes of Article 1278 of the Luxembourg civil code, that notwithstanding any assignment, transfer and/or novation permitted under, and made in accordance with the provisions of the Trust Agreement or any agreement referred to herein to which the Issuer is a party, any security created in connection with the Notes shall be preserved for the benefit of the new Trustee (for itself and the Secured Parties) and, for the avoidance of doubt, for the benefit of each of the Secured Parties.

16. CURRENCY INDEMNITY

16.1 The Issuer shall indemnify the Trustee and keep it indemnified against:

- (a) any Loss incurred by it arising from the non-payment by the Issuer of any amount due to the Trustee under this Trust Agreement by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgement or order in respect thereof and those prevailing at the date of actual payment by the Issuer; and
- (b) any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under this Trust Agreement (other than this Clause) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

16.2 Subject to Clause 18, the above indemnities shall constitute an obligation of the Issuer separate and independent from its obligations under the other provisions of this Trust Agreement and shall apply irrespective of any indulgence granted by the Trustee or the Noteholders or the Couponholders from time to time and shall continue in full force and effect notwithstanding the judgement or filing of any proof or proofs in any bankruptcy, insolvency or litigation of the Issuer for a liquidated sum or sums in respect of amounts due under this Trust Agreement (other than this clause).

16.3 The obligations of the Issuer under this Clause 16 shall survive the termination of this Trust Agreement.

17. EXTRAORDINARY RESOLUTIONS; MEETINGS

- (a) For any Extraordinary Resolution passed in a meeting of the relevant Class of Noteholders the provisions set forth in Schedule 1 hereto (*Provisions for Meetings of the Noteholders of Each Class*) shall apply.
- (b) For the purpose of this Clause 17 and Schedule 1 hereto, the Components of the Combination Notes will be treated as Notes of the Classes to which such Components relate and the holders of the Combination Notes will, for such purpose and subject to such treatment, be entitled to participate in meetings of the relevant Classes of Noteholders. Accordingly, holders of the Combination Notes shall not be deemed to have an interest in the Combination Notes as a separate Class except to the extent set forth above and to the extent of each of the Components of the Combination Notes.

18. LIMITED RECOURSE AND NON-PETITION

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and the Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, prove ultimately insufficient to satisfy the claims of the Trustee in full, then any shortfall arising shall be extinguished and the Trustee shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination rights, set-off rights and rights of retention of the Trustee. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Trustee, and neither assets nor proceeds will be so available thereafter.

The Trustee shall not (otherwise than as contemplated herein or in any Security Agreement) take steps against the Issuer to recover any sum so unpaid and, in particular, the Trustee shall not petition for bankruptcy of the Issuer or request the opening of any other collective or reorganisation proceedings against the Issuer or take any other step or action for the winding up (*dissolution*), examinership, liquidation (*liquidation*) or dissolution of the Issuer nor for the appointment of a liquidator (*liquidateur*), examiner, administrator (*commissaire*), receiver (*curateur*) or other person in respect of the Issuer or its assets until after the expiry of any applicable preference period as provided for in the applicable bankruptcy laws following the payment of all amounts payable under the Conditions of the Notes.

19. ADDITIONAL ISSUANCES

If any Further Notes are issued in accordance with Condition 16 (*Additional Issuances*), any reference to any Class of Notes and related defined terms in the Transaction Documents (other than the Conditions) shall be deemed to include the corresponding Class of the Further Notes.

20. COMMUNICATIONS AND NOTICES

20.1 All communications under this Trust Agreement shall be made by e-mail, mail or fax, provided that notices regarding termination of this Trust Agreement or the replacement of the Trustee given by e-mail or fax shall promptly be confirmed by mail.

20.2 All communications under this Trust Agreement shall be in English.

20.3 All notices to Noteholders under this Trust Agreement shall be given in accordance with Condition 15 (*Notices*). Subject to written notification of any change of address, all communications under this Trust Agreement shall be directed to the addresses set out in Exhibit A to the Master Interpretation and Construction Schedule.

20.4 Any party may alter the address, fax number or email address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Clause 20 for the giving of notice.

21. WAIVER AND AMENDMENTS

21.1 Waiver

The Trustee may, without the consent of the Noteholders and without prejudice to its rights in respect of any subsequent breach, Event of Default or Potential Event of Default from time to time, but only if and in so far as in its opinion the respective interests of each Class of the Noteholders and each of the other Secured Parties shall not be materially prejudiced thereby, waive or authorise any breach by the Issuer of any of the covenants, agreements or provisions contained in this Trust Agreement or the Conditions. Any such waiver or authorisation may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, but subject always to Rating Agency Confirmation, and if the Trustee shall so require, shall be notified by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter. Any breach of or failure of the Issuer to

comply with any such terms and conditions shall constitute a default by the Issuer in the performance or observance of a covenant or provision binding on it under or pursuant to this Trust Agreement.

21.2 Amendments

- (a) Subject to Clause 21.2(c) below, this Trust Agreement (including this Clause 21.2) may only be amended by agreement of the parties hereto in writing.
- (b) Notwithstanding Clauses 10.10(e) and 10.26, no amendment may be made to Clause 4.4 (*Enforcement Priority of Payments*) hereof without the prior consent of all Noteholders.
- (c) Without prejudice to paragraph (b) above, the Trustee may without the consent of the Noteholders or the other Secured Parties, but with Rating Agency Confirmation at any time give its consent to:
 - (i) any amendment to this Trust Agreement or any of the other Transaction Documents (other than the Conditions) if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error; or
 - (ii) any other amendment to this Trust Agreement or any of the other Transaction Documents (other than the Conditions) (for the avoidance of doubt, other than any waiver or authorisation of any breach of any of the provisions of this Trust Agreement) which in the opinion of the Trustee will not be materially prejudicial to the interests of any Class of Noteholders or any other Secured Party.
- (d) Any such consent may be given on such terms and subject to such conditions (if any) as the Trustee may determine, and shall be notified to the Rating Agencies and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter. Any breach of or failure to comply with any such terms and conditions shall constitute a default by the Issuer in the performance or observance of a covenant or provision binding on it under or pursuant to this Trust Agreement.
- (e) In connection with any such consent, the Trustee shall be entitled to take such professional advice (including the procuring of opinions) as it may deem appropriate and all costs incurred thereby shall be treated as fees and expenses of the Trustee and will be payable by the Issuer in accordance with Clause 14.

21.3 Standard Business Terms of Trustee

For the avoidance of doubt standard business terms and conditions of the Trustee shall not apply with respect to the Transaction Documents.

22. SEVERABILITY; MISCELLANEOUS

22.1 If any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which taking into consideration the purpose and intent of this Agreement have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply *mutatis mutandis* with regard to any contractual gaps (*Vertragslücken*) in this Agreement.

22.2 Each party to this Agreement undertakes *vis-à-vis* the respective other party to take all actions that become necessary pursuant to Clause 22.1 or for other reasons to implement this Agreement.

22.3 The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the Securitisation Act 2004).

23. GOVERNING LAW; JURISDICTION

23.1 This Trust Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

23.2 The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Trust Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each of the Issuer and the Trustee hereby submits to the jurisdiction of such court.

23.3 Each of the Issuer and the Trustee has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. If any such agent shall cease to be such agent for service of process, the Issuer or the Trustee, as relevant, shall forthwith appoint a new agent for service of process in Germany and deliver to the respective other parties a copy of the new agent's acceptance of appointment within 30 days. Nothing in this Trust Agreement shall affect the right to serve process in any other manner permitted by law.

24. CONDITION PRECEDENT

This Trust Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the aggregate net subscription money for the Notes (except for the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) will be paid pursuant to the Notes Placement Agreement.

25. COUNTERPARTS

This Trust Agreement and any trust agreement supplemental hereto may be executed in one or more counterparts. Each counterpart, whether the original signed document or a copy of such signed document evidenced by facsimile or other electronic means, shall constitute an original, but all such counterparts taken together shall constitute one and the same agreement.

Schedule 1 to the Trust Agreement
PROVISIONS FOR MEETINGS OF THE NOTEHOLDERS OF EACH CLASS

In this Schedule:

- (a) references to a *meeting* are to a meeting of Noteholders of a particular Class and include, unless the context otherwise requires, any adjournment;
- (b) **agent** means a holder of a voting certificate or a proxy for a Noteholder;
- (c) **block voting instruction** means an instruction issued in accordance with paragraphs 4(a), (d) and (e) of this Schedule 1;
- (c) **voting certificate** means a certificate issued in accordance with paragraphs 4(a) and (b) of this Schedule 1;
- (d) references to persons representing a proportion of the Notes are to Noteholders or agents holding or representing in the aggregate at least that proportion in Principal Amount Outstanding of the Notes for the time being Outstanding; and
- (e) **Note** and **Notes** mean, respectively, a Note and Notes of the relevant Class and **Noteholder** shall be construed accordingly.

1. Meetings

Separate meetings of the Noteholders of each Class shall be convened and held.

2. Powers of Meetings

- (a) Subject to paragraphs (b) to (k) below, a meeting shall, subject to the Conditions and without prejudice to any powers conferred on any percentage of Noteholders of any Class, on the Trustee or on other persons by the Conditions, this Trust Agreement or by any other Transaction Document, have power by Extraordinary Resolution in respect of any one Class or, if relevant, all Classes of the Noteholders:
 - (i) to direct the Trustee to give an Enforcement Notice to the Issuer in accordance with Condition 9(b);
 - (ii) to direct the Trustee to rescind and annul an Enforcement Notice in accordance with Condition 9(c);
 - (iii) to direct the Issuer (acting through the Investment Board) to dispose of any Collateral Debt Security in accordance with Provision 2(E)(e) of the Portfolio Provisions;
 - (iv) to direct the Trustee, upon the occurrence of an Event of Default and acceleration, to institute proceedings against or in relation to the Issuer, or to take other action, to enforce the terms of the Trust Agreement, the Security Agreements and the Notes in accordance with Clause 4.3 of the Trust Agreement;
 - (v) to approve the terms of a winding up for the purposes of or pursuant to an amalgamation or reconstruction of the Issuer in accordance with Condition 9(a)(vii)(C);
 - (vi) to approve a new Trustee and to remove a Trustee in accordance with Clauses 15.1 and 15.2 of the Trust Agreement;
 - (vii) to give any further authority, direction, authorisation, approval or sanction which under this Trust Agreement or the Notes or pursuant to the Transaction Documents is required to be given by Extraordinary Resolution; and
 - (viii) to authorise the Trustee and/or any other person to concur in and execute all such deeds,

instruments, documents and take all such actions and do anything as may be necessary to carry out and give effect to an Extraordinary Resolution.

- (b) An Extraordinary Resolution passed at any meeting of the Class A1 Noteholders shall be binding on all Class A2 Noteholders, Class B Noteholders, Class C Noteholders, Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them.
- (c) Subject to paragraph (d) below, an Extraordinary Resolution passed at any meeting of the Class A2 Noteholders shall be binding on all Class B Noteholders, Class C Noteholders, Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them.
- (d) An Extraordinary Resolution passed at any meeting of the Class A2 Noteholders shall not be effective for any purpose while any of the Class A1 Notes remains Outstanding unless either:
 - (i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders; or
 - (ii) it is also sanctioned by an Extraordinary Resolution of the Class A1 Noteholders.
- (e) Subject to paragraph (f) below, an Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all Class C Noteholders, Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them.
- (f) An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall not be effective for any purpose while any of the Class A1 Notes and Class A2 Notes remains Outstanding unless either:
 - (i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A1 Noteholders and the Class A2 Noteholders; or
 - (ii) it is also sanctioned by an Extraordinary Resolution of the Class A1 Noteholders and an Extraordinary Resolution of Class A2 Noteholders.
- (g) Subject to paragraph (h) below, an Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on all Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them.
- (h) An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall not be effective for any purpose while any of the Class A1 Notes, Class A2 Notes and Class B Notes remains Outstanding unless either:
 - (i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A1 Noteholders, the Class A2 Noteholders and the Class B Noteholders; or
 - (ii) it is also sanctioned by an Extraordinary Resolution of the Class A1 Noteholders, an Extraordinary Resolution of the Class A2 Noteholders and an Extraordinary Resolution of the Class B Noteholders.
- (i) Subject to paragraph (j) below, an Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on all Subordinated Noteholders irrespective of the effect upon them.
- (j) An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall not be effective for any purpose while any of the Class A1 Notes, Class A2 Notes, Class B Notes and Class C Notes remains Outstanding unless either:
 - (i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders; or
 - (ii) it is also sanctioned by an Extraordinary Resolution of the Class A1 Noteholders, an Extraordinary Resolution of the Class A2 Noteholders, an Extraordinary Resolution of the Class B Noteholders and an Extraordinary Resolution of the Class C Noteholders.
- (k) An Extraordinary Resolution passed at any meeting of the Subordinated Noteholders shall not be effective for any purpose while any of the Class A1 Notes, Class A2 Notes, Class B Notes,

Class C Notes and Class D Notes remains Outstanding unless either:

- (i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; or
- (ii) it is also sanctioned by an Extraordinary Resolution of the Class A1 Noteholders, an Extraordinary Resolution of the Class A2 Noteholders, an Extraordinary Resolution of the Class B Noteholders, an Extraordinary Resolution of the Class C Noteholders and an Extraordinary Resolution of the Class D Noteholders.

3. Convening a Meeting

The Issuer or the Trustee may at any time convene a meeting. A meeting of the Noteholders of a Class must be convened by the Issuer if requested by one or more Noteholders of such Class holding not less than the Majority of the Principal Amount Outstanding of the Notes of that Class. If the Issuer defaults in convening such meeting for a period of seven days, such meeting may be convened by the Trustee upon being indemnified against all costs and expenses. Every meeting shall be held at a time and place approved by the Trustee.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders and the Trustee or the Issuer (as appropriate). The notice shall be in the English language and shall specify the day, time and place of meeting, be given in the manner provided in the Conditions, and shall specify the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the applicable time limits.

4. Arrangements for Voting

- (a) If a Noteholder wishes to obtain a voting certificate in respect of the Notes for a meeting, then
 - (i) if the relevant Notes are Bearer Notes he must at least 48 hours before the time fixed for the meeting deposit the Notes for that purpose with a Paying Agent or to the order of a Paying Agent with a bank or other depository nominated by the Paying Agent for the purpose or block them in an account with the Clearing System in accordance with the procedures of such Clearing System or (ii) if the relevant Notes are Registered Notes, require the Registrar to issue a voting certificate in respect of them. The Paying Agent or, in respect of the Registered Notes, the Registrar shall then issue a voting certificate in respect of it.
- (b) A voting certificate shall:
 - (i) be a document in the English language;
 - (ii) be dated;
 - (iii) specify the meeting concerned and the total number, the Principal Amount Outstanding and the serial numbers of the Notes deposited or blocked in an account with the Clearing System or, if the relevant Note is a Registered Note, registered in the Register in the name of the Noteholder; and
 - (iv) entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Notes.
- (c) Once a Paying Agent and/or the Registrar has issued a voting certificate for a meeting in respect of a Note, it shall not release the Note (if the relevant Note is a Bearer Note) or register a transfer of the Note (if the relevant Note is a Registered Note) until either:
 - (i) the meeting has been concluded; or
 - (ii) the voting certificate has been surrendered to the Paying Agent or the Registrar.
- (d) If a Noteholder wishes the votes attributable to the Notes to be included in a block voting instruction for a meeting, then (i) he must, at least 48 hours before the time fixed for the

meeting, if the relevant Notes are Bearer Notes, deposit the Notes for that purpose with a Paying Agent or to the order of a Paying Agent with a bank or other depository nominated by the Paying Agent for the purpose or block them in an account with the Clearing System in accordance with the procedures of such Clearing System or, if the relevant Notes are Registered Notes, require the Registrar to issue a block voting instruction in respect of some or all of the Notes in respect of which he is the registered holder; and (ii) he or a duly authorised person on his behalf must direct the Paying Agent how those votes are to be cast. The Paying Agent or, in respect of the Registered Notes, the Registrar shall issue a block voting instruction in respect of the votes attributable to all Notes so deposited or, in respect of the Registered Notes, in respect of the votes attributable to all Notes for which a block voting instruction has been requested.

- (e) A block voting instruction shall:
 - (i) be a document in the English language;
 - (ii) be dated;
 - (iii) specify the meeting concerned;
 - (iv) list the total number, the Principal Amount Outstanding and serial numbers of the Notes deposited or blocked in an account with the Clearing System or, if the relevant Note is a Registered Note, registered in the Register in the name of the Noteholder and for which a block voting instruction has been requested, distinguishing with regard to each resolution between those voting for and those voting against it;
 - (v) certify that such list is in accordance with Notes deposited, blocked or registered and directions received as provided in paragraphs 4(d) and (h) of this Schedule 1; and
 - (vi) appoint a named person or persons or a duly authorised person on his behalf (a proxy) to vote at that meeting in respect of those Notes and in accordance with that list. A proxy need not be a Noteholder.
- (f) Once a Paying Agent or a Registrar has issued a block voting instruction for a meeting in respect of the votes attributable to any Notes:
 - (i) it shall not release the Notes (if the relevant Note is a Bearer Note) or register a transfer of the Note (if the relevant Note is a Registered Note), except as provided in paragraph 4(g) of this Schedule 1, until the meeting has been concluded; and
 - (ii) the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.
- (g) If the receipt for a Note deposited with a Paying Agent in accordance with paragraph (d) is surrendered to the Paying Agent less than 48 hours before the time fixed for the meeting or the Notes blocked in an account with the Clearing System are unblocked less than 48 hours before the time fixed for the meeting or the block voting instruction direct in respect of Registered Notes is surrendered to the Registrar less than 48 hours before the time fixed for the meeting, the Paying Agent shall release the Note (if the relevant Note is a Bearer Note) or register a transfer of the Note (if the relevant Note is a Registered Note) and the Paying Agent or the Registrar shall exclude the votes attributable to it from the block voting instruction.
- (h) Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at the specified office of the Paying Agent (or such other place as may have been specified by the Issuer for that purpose), and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. A notarially certified copy of each block voting instruction shall if required by the Trustee be produced by the proxy at the meeting but the Trustee need not investigate or be concerned with the validity of the proxy's appointment.
- (i) A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Noteholders' instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the relevant Paying Agent or Registrar by the Issuer or the Trustee at its registered office or by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.

- (j) No Note may be deposited with or to the order of a Paying Agent or blocked in an account with the Clearing System at the same time for the purposes of both paragraph 4(a) and paragraph 4(d) of this Schedule 1 for the same meeting.

5. Chairman

The chairman of a meeting shall be such person as the Trustee may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman may, but need not, be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

6. Attendance

The following may attend and speak at a meeting:

- (a) Noteholders and proxies;
- (b) the chairman;
- (c) the Issuer, the Trustee, the Paying Agent and the Registrar (through their respective representatives) and their respective financial and legal advisers; and
- (d) any other party who the chairman in his absolute discretion permits to speak.

No one else may attend or speak.

7. Quorum and Adjournment

- (a) No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, the meeting shall, if convened at the request of Noteholders or if the Issuer and the Trustee agree, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 calendar days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
- (b) Subject to paragraph (c) below, the quorum at any meeting shall be one or more Noteholders or agents present in person, or at any adjourned meeting, one or more Noteholders or agents:
 - (i) in the cases marked “No minimum proportion” in the table below, whatever the proportion of the Notes which they represent; and
 - (ii) in any other case, only if they represent the proportion of the Notes shown by the table below.

Column 1	Column 2	Column 3
	Any meeting except one referred to in Column 3	Meeting previously adjourned through want of a quorum
<i>Purpose of meeting</i>	<i>Required proportion of Notes Outstanding</i>	<i>Required proportion of Notes Outstanding</i>
To pass an Extraordinary Resolution	Majority of the Aggregate Principal Amount Outstanding of the Notes of the relevant Class	No minimum proportion

- (c) The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting

from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph (a).

- (d) At least 10 days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

8. Voting

- (a) Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Trustee or one or more persons holding or representing at least 2 per cent. of the Principal Amount Outstanding of the Notes of the relevant Class.
- (b) Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- (c) If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- (d) A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- (e) On a show of hands every person who is present in person and who produces a Note or a voting certificate or is a proxy has one vote. On a poll every such person has one vote for each €1,000 of Principal Amount Outstanding of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to Condition 2(e), the holder of a Global Bearer Note shall be treated as having one vote for each €1,000 of Principal Amount Outstanding of Notes represented by such Global Bearer Note. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- (f) In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.
- (g) An Extraordinary Resolution is passed if approved on a show of hands or on a poll, as the case may be, by a majority of at least the Relevant Percentage of the votes cast. Any resolution other than an Extraordinary Resolution is passed if approved on a poll by the majority of the votes cast.

9. Effect and Publication of an Extraordinary Resolution

An Extraordinary Resolution of the Noteholders of a Class duly passed shall be binding on all the Noteholders of such Class, whether or not present at the meeting and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Noteholders within 14 days but failure to do so shall not invalidate the resolution.

10. Minutes

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting, shall be conclusive evidence of the matters recorded in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it

to have been duly passed and transacted.

11. Written Resolutions

A resolution in writing signed by or on behalf of the holders of not less than the Relevant Percentage of Principal Amount Outstanding of the Notes of a Class who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders of that Class duly convened and held. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such resolution shall be the date of the latest such document.

12. Further Regulations

Subject to all other provisions contained in this Trust Agreement, the Trustee may without the consent of the Issuer or the Noteholders prescribe such further regulations regarding the holding of Meetings of Noteholders and attendance and voting at them as the Trustee may in its sole discretion determine.

13. Miscellaneous

For the avoidance of doubt, the provisions of articles 86 to 97 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, will not apply.

USE OF PROCEEDS

The proceeds of the issue of the Notes (excluding the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) will be €81,000,000 on the Closing Date. The Issuer will use the proceeds of the issue of the Notes received by it on the Closing Date (a) in making an initial deposit of €1,200,000 to the Expense Account, (b) in paying certain fees and expenses payable by the Issuer on the Closing Date, (c) in paying the purchase price of the initial Portfolio purchased under the Collateral Acquisition Agreement, and (d) any remaining proceeds shall be deposited to the Initial Proceeds Account to be applied by the Investment Board (acting on behalf of the Issuer based upon the advice of the Collateral Manager) in acquiring Collateral Debt Securities and/or Eligible Investments during the Reinvestment Period. Additionally, commitments to fund for an aggregate amount equal to €9,000,000 will be made available to the Issuer by the holders of the Class A1 Single Draw Notes and Class A1 Delayed Draw Notes, the proceeds of which will be used to fund the purchase of additional Collateral Debt Securities and/or Eligible Investments.

The Issuer may, subject to and in accordance with the terms of the Class A1 Notes Purchase Agreement, request a Funding in respect of the Class A1 Single Draw Notes at any time until the Ramp-Up Effective Date and/or in respect of the Class A1 Delayed Draw Notes at any time prior to the Delayed Draw Notes Final Funding Date, provided that, after a Funding has been made with respect to the Class A1 Single Draw Notes, no further Fundings can be made available thereunder. The Issuer will deposit the proceeds of each Funding into the Initial Proceeds Account to be applied by the Investment Board (acting on behalf of the Issuer based upon the advice of the Collateral Manager) in acquiring Collateral Debt Securities and/or Eligible Investments during the Reinvestment Period.

RATINGS OF THE NOTES

General

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class A2 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class B Notes receives a rating of at least "AA" by S&P and "AA" by Fitch, each of the Class C Notes receives a rating of at least "A" by S&P and "A" by Fitch, each of the Class D Notes receives a rating of at least "BBB" by S&P and "BBB" by Fitch, each of the Class F1 Combination Notes receives a rating of at least "BBB-" by S&P and each of the Class F2 Combination Notes receives a rating of at least "A" by S&P. A rating will not be sought for the Subordinated Notes. The ratings of the Senior Notes by Fitch and S&P will address the timely payment of interest when due and the ultimate repayment of principal. The ratings of the Mezzanine Notes will address the ultimate (rather than the timely) payment of interest and the ultimate repayment of principal. The ratings of the Combination Notes will address the ultimate repayment of principal.

The Collateral Administrator, on behalf of the Issuer, will request the Rating Agencies to confirm the ratings on the Rated Notes within 20 days after the Ramp-Up Effective Date. If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the relevant Priorities of Payment, until the Rating Agencies confirm that each such rating is reinstated. See further Condition 6(c).

So long as any of the Rated Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, the Issuer will give notice to the Irish Stock Exchange and will cause such notice to be given to the Noteholders in accordance with Condition 15 if the Rating Withdrawal occurs.

The ratings assigned to the Rated Notes by the Rating Agencies are based upon their assessment of the probability that the Collateral Debt Securities will provide sufficient funds to pay all amounts due under each Class of the Rated Notes, based largely upon the Rating Agencies' statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for each Class of the Rated Notes and the diversification requirements that the Collateral Debt Securities are required to satisfy.

Standard & Poor's Ratings

S&P assigns ratings to the Rated Notes in a manner similar to the way it rates other structured issues. This requires an analysis of the following: (1) the credit quality of the portfolio of Collateral Debt Securities securing any of the Rated Notes; (2) the cash flow used to pay the Issuer's liabilities; (3) the structure/priority of these payments; and (4) qualitative issues and legal considerations. Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating.

S&P's analysis includes the application of its proprietary default expectation model, the Standard & Poor's CDO Monitor (See *Description of Portfolio and Hedge Agreement – Provision 6 (Collateral Quality Tests)*) which is used to estimate the default rate the portfolio is likely to experience. The Standard & Poor's CDO Monitor is based upon S&P's proprietary corporate debt default studies and takes into consideration each obligor rating, the number of obligors, the obligor/industry concentration, and the remaining weighted average maturity of the portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the portfolio must withstand. For example, the higher the obligor/industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the Standard & Poor's CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of overcollateralisation/subordination, cash collateral/reserve account, excess spread/interest, amortisation and bond insurance.

Fitch Ratings

The ratings assigned by Fitch to the Rated Notes are based largely upon Fitch's statistical analysis of historical default rates on debt obligations with similar characteristics to the Collateral Debt Securities and the various eligibility requirements that the Collateral Debt Securities are required to satisfy.

Fitch assigns ratings to securities backed by debt obligations through a statistical analysis that measures the likelihood that a portion of the Collateral Debt Securities included in the portfolio will default. The level of default determined by the analysis is based on historical default rates for similar debt obligations with comparable credit ratings and terms of maturity, historical volatility of such default rates (which increases as Collateral Debt Securities with lower ratings are added to the portfolio), historical recovery rates and an additional default assumption to account for potential excess concentrations in the portfolio based on allowable levels of diversification by region, issuer and industry. The results of a statistical analysis are incorporated into a cash flow model built to mimic the structure of the transaction. In this regard, the results of several default scenarios, in conjunction with various qualitative tests (e.g., analysis of the strength of the Collateral Manager), are used to determine the credit enhancement required to support a particular rating.

Credit Rating Assumptions

The credit ratings of the Rated Notes by each Rating Agency were established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Debt Securities will not exceed those assumed by a Rating Agency in its analysis or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by such Rating Agency.

EUROMAX IV MBS S.A.

Euromax IV MBS S.A. (the "**Issuer**") is a securitisation company (*société de titrisation*) incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*). The Issuer's activities are governed by and subject to the Luxembourg act dated 22 March 2004 on securitisation (the "**Securitisation Act 2004**"). The Issuer has not applied for nor received the approval (agrément) from the Luxembourg financial sector and stock exchange regulator, the *Commission de surveillance du secteur financier*, as a regulated securitisation company under the Securitisation Act 2004. The Issuer may accordingly not issue notes to the public on an ongoing basis.

General

The Issuer was incorporated on 16 September 2005 as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg for an unlimited duration. It has its registered office at 7, Val Sainte-Croix, L-1371 Luxembourg and is registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B. 110721.

The articles of incorporation of the Issuer are in the process of being published in the *Memorial, Recueil des Sociétés et Associations* and have been filed with the Luxembourg trade and companies register where they may be inspected during normal business hours. The articles of incorporation of the Issuer may also be inspected at the offices of the Irish Paying Agent.

The subscribed share capital of the Issuer is €31,000 (thirty one thousand euro) consisting of 31 (thirty one) shares in registered form with a par value of €1,000 (one thousand euro) each. The Issuer has no authorised share capital.

Shareholders

The shareholders of the Issuer are:

Dahmer Ltd., a company incorporated under the laws of the British Virgin Islands and having its registered office at Omar Hodge Building, Wickham's Cay, Road Town, Tortola, British Virgin Islands holding 30 (thirty) shares; and

Liburd Ltd., a company incorporated under the laws of the British Virgin Islands and having its registered office at Omar Hodge Building, Wickham's Cay, Road Town, Tortola, British Virgin Islands holding 1 (one) share.

The shares have all been fully paid up by payment in cash.

Corporate object of the Issuer

The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. To that effect, the Issuer may, *inter alia*, acquire or assume, directly or through any other entity or vehicle, the risks relating to the holding or property of claims, receivables and/or other goods or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks.

The Issuer may assume or acquire these risks by acquiring, by any means, claims, receivables and/or assets, by guaranteeing liabilities or commitments or by binding itself by any other means.

The Issuer may proceed to (i) the acquisition, investment and reinvestment, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio (including, among other things, the assets referred to in (i) and (ii) above). The Issuer may further acquire, hold and dispose of interests in partnerships, limited partnerships, trusts, funds and

other entities.

The Issuer may borrow in any form. It may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity. The Issuer may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

In accordance with, and to the extent permitted by, the Securitisation Act 2004, the Issuer may also give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of these assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Issuer. The Issuer may not pledge, transfer, encumber or otherwise create security over some or all of its assets, unless permitted by the Securitisation Act 2004.

The Issuer may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions.

The Issuer may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

After the Closing Date the articles of incorporation of the Issuer shall be amended so as to allow for the exchange of Class A1 Delayed Draw Notes in definitive registered form into interests in Bearer Notes.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumerated objects.

In general, the Issuer may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects, to the largest extent permitted under the Securitisation Act 2004.

Management

The Issuer has a board of directors composed of three directors who are:

Mr. Alexis Kamarowsky, company director, whose business address is at 7, Val Saint Croix, L-1371 Luxembourg;

Mr. Federigo Cannizzaro di Belmontino, company director, whose business address is at 7, Val Sainte-Croix, L-1371 Luxembourg; and

Mr. Jean-Marc Debaty, company director, whose business address is at 7, Val Sainte-Croix, L-1371 Luxembourg.

The board of directors of the Issuer is vested with the broadest powers to perform or cause to be performed all acts of disposition and administration in the Issuer's interest. All powers not expressly reserved by the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the "**Companies Act 1915**") or by the articles of incorporation of the Issuer to the general meeting of the shareholders of the Issuer fall within the competence of the board of directors of the Issuer. The board of directors of the Issuer is vested with the broadest powers to determine corporate policy within the Issuer's corporate objects.

Auditors

The external auditor is Ernst & Young Luxembourg S.A. with its registered office at 7, Parc d'Activité Syrdall, L-5365 Munsbach, Grand Duchy of Luxembourg.

Financial Year

The Issuer's financial year begins on 1 January and ends on 31 December of each year, with the exception of 2005, where its financial year began on 16 September 2005 and will end on 31 December 2005. The Issuer prepares and publishes annual audited non-consolidated financial statements. The Issuer does not prepare or publish any other financial statements.

Annual General Meeting

The annual general meeting of the shareholders of the Issuer takes place in the commune of the registered office at the place specified in the convening notices on the last Wednesday of May each year at 4.00 pm and the first time in the year 2006.

Financial Information/Annual Accounts

Since its incorporation, the Issuer has not prepared any financial statements. The Issuer intends to publish its first financial statements in respect of the period ending 31 December 2005. Any future published financial statement prepared by the Issuer (which will be in respect of the period ending 31 December in each year) may be inspected, during normal business hours, at the Luxembourg trade and companies register or at the offices of the Irish Paying Agent. The Issuer will not produce interim financial statements.

Furthermore, since its incorporation, the Issuer has not engaged in any business activities other than those which are directly related to the issuance of the Notes.

Expenses

It is estimated that the upfront expenses (including any legal expenses, listing expenses and initial expenses of service providers) associated with the issue of the Notes (all of which expenses are payable by the Issuer) will be approximately €1,800,000.

Authorisation

The issue of Notes was authorised by a resolution of the board of directors of the Issuer dated 26 September 2005.

Description of the Domiciliation Agent

Luxembourg International Consulting S.A., incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*), which has its registered office at 7, Val Sainte-Croix, L-1371 Luxembourg and is registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B. 40.312, acts as domiciliation agent to the Issuer in accordance with the terms of the Domiciliation Agreement and provides certain corporate services to the Issuer thereunder. The principal activity of Luxembourg International Consulting S.A. is to provide management and corporate administration services.

The information under "Description of the Domiciliation Agent" has been provided by the Domiciliation Agent, and neither the Issuer nor any other party assumes any responsibility for its contents.

Summary of the Provision on Termination of the Domiciliation Agreement

According to its terms, the Domiciliation Agreement may be terminated by either party upon 30 calendar days' prior notice by registered mail and without justifying reason.

Either party is further entitled to terminate the Domiciliation Agreement with immediate effect and without judicial recourse if one party, through its directors, officers or employees becomes aware of:

- (a) any material violation by the other party, its corporate bodies or its agents in law or in fact, of any of its obligations deriving from any legal and/or regulatory provision applicable to it; and
- (b) any material violation by the other party, its corporate bodies or its agents in law or in fact, of any contractual provision set forth in this Agreement.

Furthermore, the Domiciliation Agent is entitled to terminate the Domiciliation Agreement with immediate effect if:

- (a) the Issuer does not convey to it all the documents and information it may require in order to be able to comply with its duties under the "know your customer" rules as set forth in the Luxembourg act dated 5 April 1993 on the financial sector, as amended, the Luxembourg act dated 12 November 2004 relating to the fight against money laundering and the financing of terrorism, the relevant CSSF circular letters and in any other relevant act, regulation or guideline issued by the competent Luxembourg authorities, as well as its duty to assess the Issuer's

activities and its financial situation;

- (b) the Issuer does not inform the Domiciliation Agent by registered letter of any pending or threatening litigation or any other event which could negatively affect the Issuer's reputation; and
- (c) the corporate objects clause of the Issuer is amended or the shareholders structure, the beneficial ownership or the composition of any other corporate body of the Issuer is modified, without prior notification in writing of the proposed changes to the Domiciliation Agent.

Following the termination of the Domiciliation Agreement the obligations of the Domiciliation Agent shall cease upon filing of a termination notice with the Luxembourg Trade and Companies Register. The Domiciliation Agent will publish such filing in the Luxembourg Official Gazette (*Mémorial C, Recueil des Sociétés et Associations*). The notice of termination means that the Issuer will no longer have a registered office and may cause a judicial dissolution.

DESCRIPTION OF PORTFOLIO AND HEDGE AGREEMENT

The following provisions are the Portfolio Provisions, which are attached as Exhibit A to the Collateral Management Agreement. In the case of any overlap or inconsistency in the definition of a term or expression in the Portfolio Provisions and elsewhere in this Prospectus, the definition in the Portfolio Provisions will prevail.

1. General

The portfolio forming part of the Mortgaged Property securing the Issuer's obligations under the Notes and the Transaction Documents will consist of a pool of Collateral Debt Securities and the Eligible Investments owned from time to time by the Issuer.

"**Collateral Debt Security**" means any security which is included in the Portfolio and satisfies the Eligibility Criteria under Provision 3 of the Portfolio Provisions at the time of its acquisition by the Issuer, provided that for the purposes of the grant of the security interests to the Trustee pursuant to the Trust Agreement and any Security Agreement, Collateral Debt Security shall include all securities referred to therein regardless of whether such securities satisfies the Eligibility Criteria at the time of its acquisition. For the avoidance of doubt, the failure of any such security to satisfy the Eligibility Criteria under Provision 3 of the Portfolio Provisions at any time after the acquisition thereof by the Issuer shall not cause such security to cease to be a Collateral Debt Security.

2. Acquisition and Disposal of Collateral Debt Securities and Eligible Investments

(A) Acquisition Requirements

Subject to and in accordance with the Collateral Management Agreement, the Collateral Manager will propose an acquisition of an asset to the Investment Board (which will consider such proposals and take decisions on behalf of the Issuer) subject to the requirements that:

- (a) such asset (i) meets the definition of Eligible Investment, or (ii) meets the definition of Collateral Debt Security;
- (b) no Event of Default or Potential Event of Default shall have occurred and be continuing, (provided that if the Investment Board (based upon the advice of the Collateral Manager) had entered into a commitment on behalf of the Issuer to acquire an asset on behalf of the Issuer prior to the occurrence of any Event of Default or Potential Event of Default, such asset shall be acquired);
- (c) the Collateral Administrator certifying to the Collateral Manager and the Trustee that after giving effect to such acquisition, the Portfolio Provisions will be met or, if any of the limitations set forth in the Portfolio Provisions (other than any of the Coverage Tests) are not met prior to such acquisition, the Collateral Administrator certifying that each such limitation will not be further from being met after giving effect to such acquisition;
- (d) the Issuer and the Investment Board Provider are not prohibited from trading in such asset in accordance with applicable law;
- (e) such acquisition is made on an "arm's length" basis and for fair market value; and
- (f) there are sufficient funds standing to the credit of the Principal Collection Account or the Initial Proceeds Account or available to be drawn under the Liquidity Facility Agreement to fund the acquisition of that asset.

(B) Acquisition Prior to the Ramp-Up Effective Date

Subject to and in accordance with the Collateral Management Agreement, the Collateral Manager will use its commercially reasonable efforts to advise and make proposals to the Investment Board for the acquisition of assets to be included in the Portfolio as Collateral Debt Securities on behalf of the Issuer up to an Aggregate Principal Balance equal to or greater than the Target Par Amount on or before the Ramp-Up Effective Date, provided that the Aggregate Principal Balance of Collateral Debt Securities should be at or above the Ramp-Up Test Par Amount on the Measurement Date corresponding to the first Payment Date.

(C) Acquisition During the Reinvestment Period

During the Reinvestment Period, Principal Proceeds, Uninvested Proceeds and the Interest Proceeds Distribution Amounts available for such purpose in accordance with paragraph (T) of the Interest Proceeds Priority of Payment may be used by the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) to acquire assets to be included in the Portfolio as Collateral Debt Securities subject to and in accordance with the terms of the Investment Board Agreement and the Collateral Management Agreement.

(D) Acquisition After the Reinvestment Period

After the Reinvestment Period, the Interest Proceeds Distribution Amounts available for such purpose in accordance with paragraph (T) of the Interest Proceeds Priority of Payment may be used by the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) to acquire assets to be included in the Portfolio as Collateral Debt Securities subject to and in accordance with the terms of the Investment Board Agreement and the Collateral Management Agreement.

(E) Discretionary Disposal of Parts of the Portfolio

Subject to and in accordance with the terms of the Collateral Management Agreement, the Collateral Manager may propose to the Investment Board (acting on behalf of the Issuer) to, and the Issuer (through the Investment Board) may, based upon such advice, in the open market or otherwise, dispose or procure the disposal of:

- (a) any Defaulted Security;
- (b) any Credit Risk Security;
- (c) any Deferred Interest PIK Security;
- (d) during the Reinvestment Period (for the avoidance of doubt, not including during any suspension of the Reinvestment Period) any Credit Improved Security; or
- (e) any Collateral Debt Security, if directed to do so by an Extraordinary Resolution of each Class of Noteholders.

(F) Conditions Applicable to the Disposal of Tradeable Securities during the Reinvestment Period

Subject to and in accordance with the Collateral Management Agreement, in addition to the ability of the Collateral Manager to propose the disposal of Collateral Debt Securities referred to above, the Collateral Manager, may propose the disposal of any Collateral Debt Security during the Reinvestment Period (for the avoidance of doubt, not including during any suspension of the Reinvestment Period) (a "**Tradeable Security**") to the Investment Board (which will consider such proposals and take decisions on behalf of the Issuer), subject to:

- (a) the Collateral Manager not having received notification and not having actual knowledge that an Event of Default has occurred and is continuing;
- (b) the Collateral Manager believing in its sole but reasonable judgement (1) that the Principal Sales Proceeds from such disposal shall be in an amount which is no less than 98 per cent. of the Principal Balance of such Collateral Debt Security prior to such disposal, and (2) that such Principal Sales Proceeds can be reinvested in Collateral Debt Securities within 30 Business Days from the date of settlement of the disposal of the Collateral Debt Security to be disposed of subject to and in accordance with the terms of the Collateral Management Agreement;
- (c) the Collateral Administrator certifying prior to such disposal to the Collateral Manager and the Trustee that after giving effect to such disposal, the Portfolio Criteria will be met or, if any of the limitations set forth in the Portfolio Criteria (other than any of the Overcollateralisation Ratio Tests) are not met prior to such disposal, the Collateral Administrator certifying that each such limitation will not be further from being met after giving effect to such disposal; and
- (d) upon request from the Collateral Manager, the Collateral Administrator confirming to the Collateral Manager that the aggregate Principal Balance of Tradeable Securities disposed of for a given year (for the avoidance of doubt, including the proposed disposal) does not exceed 15 per cent. of the Aggregate Principal Balance of the Collateral Debt Securities held by the Issuer at the beginning of that year for which purposes a year shall be deemed to be from and including

6 October in a year to but excluding 6 October in the following year; and

(e) at such time, the Collateral Manager not being in the process of being replaced by an Eligible Successor in accordance with the terms of the Collateral Management Agreement.

(G) Conditions Applicable to the Disposal of Defaulted Securities, Credit Risk Securities, Deferred Interest PIK Securities and Credit Improved Securities

Defaulted Securities, Credit Risk Securities and Deferred Interest PIK Securities may be proposed by the Collateral Manager for disposal at any time and Credit Improved Securities may be proposed by the Collateral Manager for disposal at any time during the Reinvestment Period only (for the avoidance of doubt, not including during a suspension of the Reinvestment Period) subject to:

- (a) the Collateral Manager not having received notification and not having actual knowledge that an Event of Default has occurred and is continuing;
- (b) the Collateral Manager believing in its sole but reasonable judgement that such security is a Defaulted Security, a Credit Risk Security, a Deferred Interest PIK Security or a Credit Improved Security, as the case may be;
- (c) the Collateral Manager believing in its sole but reasonable judgement that, upon the disposal of a Credit Improved Security during the Reinvestment Period (for the avoidance of doubt, not including during a suspension of the Reinvestment Period), such Principal Sales Proceeds can be, using reasonable commercial efforts, reinvested in Collateral Debt Securities within 40 Business Days from the day such Credit Improved Security is disposed of subject to and in accordance with the terms of the Collateral Management Agreement; and
- (d) in respect of Credit Improved Securities only, the Collateral Manager not being in the process of being replaced by an Eligible Successor in accordance with the terms of the Collateral Management Agreement.

(H) Disposal Following Optional Redemption of the Notes

Following the issue of any notice of an optional redemption of the Notes in accordance with Conditions 6(e), 6(g) or 6(h), the foregoing limitations under Provisions 2(E), 2(F) and 2(G) above shall not apply and, subject to and in accordance with the Collateral Management Agreement, the Collateral Manager may propose the disposal of any Collateral Debt Security and/or Eligible Investment in the open market or otherwise to the Investment Board (which will consider such proposals and take decisions on behalf of the Issuer), provided that:

- (a) the Sale Proceeds therefrom are used to pay all amounts referred to in Conditions 6(e), 6(g) or 6(h), as the case may be, to redeem the relevant Class of Notes (in whole but not in part) and to pay all amounts ranking in priority thereto in accordance with the relevant Priorities of Payment; and
- (b) all the Collateral Debt Securities and/or Eligible Investments to be sold pursuant to this Provision 2(H) will be sold in accordance with the requirements set forth in Condition 6.

(I) Disposal on or prior to Stated Maturity

In the event of any redemption of the Notes in whole on or prior to their Stated Maturity in circumstances other than those specified under Provision 2(H) above, the Collateral Manager shall use all commercially reasonable efforts to advise and make proposals to the Investment Board (acting on behalf of the Issuer) for the sale or liquidation of the Collateral Debt Securities and Eligible Investments so that the proceeds thereof are available in immediately available funds not later than one Business Day prior to the scheduled Redemption Date.

(K) General 20% Cap on Disposals per Year

None of the disposals referred to under Provisions 2(A) through 2(I) above may be made if, apart from the substitution of Collateral Debt Securities for the purpose of ensuring the size, the maturity and the risk structure of the Portfolio, the Aggregate Principal Balance of Collateral Debt Securities and Eligible Investments disposed of for any twelve months period (for the avoidance of doubt, including the proposed disposal) exceeds an amount of 20% of the Aggregate Principal Balance of the Collateral Debt Securities and Eligible Investments held by the Issuer at the beginning of that twelve months period.

(I) Additional Requirement

Unless the Ramp-Up Effective Date has occurred, on the Determination Date relating to the first Payment Date, the Aggregate Principal Balance of Collateral Debt Securities should at least be equal to the Ramp-Up Test Par Amount, provided that failure with the additional requirement set forth in this Provision 2(I) shall not limit the acquisition and disposal of Collateral Debt Securities and Eligible Investments. Information on compliance or non-compliance with this requirement will be included in the Monthly Report pertaining to the period in which the relevant Determination Date falls.

3. Eligibility Criteria

Each Collateral Debt Security shall, on the relevant trade date, satisfy the following requirements (the "**Eligibility Criteria**"):

- (a) it is an RMBS, a CMBS, a CDO, an ABS, a Synthetic Credit Linked Security, a Non-Conforming Security or a Non-Performing Loan Security;
- (b) it is a euro denominated debt security the payments with respect to which are not by the terms thereof payable in a currency other than euro;
- (c) it is a security issued by an obligor incorporated or organised under the laws of any state of the United States of America, a member state of the European Union, the Cayman Islands or Jersey;
- (d) it is not (i) a Defaulted Security, (ii) a Credit Risk Security, (iii) a Deferred Interest PIK Security, or a security that is, on the relevant trade date, having interest deferred, (iv) a security which has a rating of below "BB-" by S&P or below "BB-" by Fitch; provided that if the Collateral Debt Security is (A) a CDO (but not a CDO of MBS), or (B) a Non-Performing Loan Security, or (C) a Non-Conforming Security, or (D) an ABS, it must have a rating of at least "BBB-" by S&P or at least "BBB-" by Fitch, or (v) a revolving note;
- (e) it provides for a fixed amount of principal payable in cash by the stated maturity of such security and is not an interest only security (i.e., a security that does not provide for payments of principal and does not provide for the payment or repayment of a stated principal amount or provides for a de minimis principal amount relative to the interest rate thereon);
- (f) it is an interest bearing security, such interest being payable at least semi-annually and such interest not being subject to a decreasing coupon or spread;
- (g) it is eligible, under the instrument or agreement pursuant to which it was issued or created, to be acquired by the Issuer and to be subject to the security interests created in favour of the Trustee pursuant to the Trust Agreement and the Security Agreements;
- (h) its purchase price is at least 80 per cent. of its par value (excluding accrued interest);
- (i) it is eligible for transfer to the Trustee and the Custodian through Euroclear or Clearstream, Luxembourg;
- (j) it is a security with a public rating by S&P and/or Fitch and/or Moody's;
- (k) either (i) no payments of principal, premium, if any, or interest thereon are the subject of withholding tax imposed by any jurisdiction, or (ii) if any such payments are subject to such withholding tax, the obligor thereunder is required to make "gross-up" payments pursuant to the relevant Underlying Instrument that cover the full amount of any such withholding tax on an after-tax basis;
- (l) no payments of stamp duty, transfer taxes or registration taxes are imposed by any jurisdiction in connection with the acquisition of such security by the Issuer or the creation of the security interest therein pursuant to the Trust Agreement and any Security Agreement;
- (m) ownership of such security will not subject the Issuer to net income tax in any jurisdiction where it would not otherwise be subject to tax;
- (n) it is not subject to any lien, security interest or other encumbrance other than pursuant to the Trust Agreement and any Security Agreement;
- (o) it is not a synthetic security other than a Synthetic Credit Linked Security and in such case,
 - (i) either (A) the Reference Obligor must have a minimum long term rating of at least "A-" by

Fitch or S&P or, if it is not rated by either Fitch and S&P, of at least "A3" by Moody's or a lower rating has been approved through a Rating Agency Confirmation, or (B) the underlying collateral of such Synthetic Credit Linked Security must have a minimum long term rating of at least "A-" by S&P or at least "A-" by Fitch or, if it is not rated at all by either Fitch or S&P, of at least "A3" by Moody's or a lower rating has been approved through a Rating Agency Confirmation, (ii) such Synthetic Credit Linked Security must not be a single tranche Synthetic Credit Linked Security, (iii) such Synthetic Credit Linked Security cannot be leveraged, (iv) no payments under such Synthetic Credit Linked Security are due by the Issuer after the initial purchase thereof, (v) in accordance with its terms, such Synthetic Credit Linked Security terminates prior to or on the redemption date or repayment date of its Reference Obligation, (vi) the notional amount of such Synthetic Credit Linked Security is equal to or less than the principal amount of its Reference Obligation and (vii) the terms of such Synthetic Credit Linked Security provide for a redemption in the form of delivery of the Reference Obligation plus accrued interest or in the form of payment of an amount equal to the par amount of the Reference Obligation plus accrued interest;

- (p) if it is a Synthetic Credit Linked Security, its Reference Obligation is not an Arbitrage CDO (other than a Synthetic Credit Linked Security the Reference Obligations of which are only cashflow CDO of MBS);
- (q) it is not an Emerging Market Underlying Security, a Whole-Business Securitisation, an Underlying Combination Note, a market value CDO, a project finance loan or synthetic CDO of CDO;
- (r) it is not a security with a legal maturity later than 6 October 2099;
- (s) it is not a zero coupon security; and
- (t) if it is an RMBS, CMBS, ABS, a Non-Conforming Security or a Non-Performing Loan Security, at least 50% of the Underlying Collateral must be located in any of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom.

4. Portfolio Criteria

On and after the Closing Date (or any other date as specified below) the acquisition of a Collateral Debt Security (i) must not cause the Portfolio to breach any of the following limitations (the "**Portfolio Criteria**"), or (ii) other than in respect of any of the Coverage Tests, if any of the limitations set forth in the Portfolio Criteria are not met prior to such commitment to acquire is made by the Issuer, must not cause such limitation to be further from being met:

- (a) the aggregate Principal Balance of all RMBS will be at least €70 million;
- (b) the aggregate Principal Balance of all Non-Performing Loan Securities or Non-Conforming Securities will be not more than €20 million;
- (c) the aggregate Principal Balance of all CMBS will be not more than €100 million;
- (d) the Aggregate Principal Balance of all Collateral Debt Securities linked to assets at least 50 per cent. of which are located in (i) any of the United Kingdom, Germany or The Netherlands will be not more than €50 million in respect of each such country, and (ii) any other country will not be more than €40 million, provided however that, if such assets located in any given country are less than 50 per cent. of the total assets to which such Collateral Debt Securities are linked, the Collateral Manager shall, in good faith, determine the geographic allocation and only if such geographic allocation is deemed to be "multi-jurisdictional European securitisation", such assets shall not be considered for the purpose of this item of the Portfolio Criteria;
- (e) the aggregate Principal Balance of all CDOs will be not more than €30 million;
- (f) the aggregate Principal Balance of all ABS will be not more than €20 million;
- (g) the aggregate Principal Balance of all PIK Securities will be not more than €30 million;
- (h) the aggregate Principal Balance of all Collateral Debt Securities that bear interest at a fixed rate will be not more than €50 million, of which not more than 5 per cent. of the then current

aggregate Principal Balance are not subject to Collateral Interest Rate Swaps;

- (i) the aggregate Principal Balance of Collateral Debt Securities with a rating of below "BBB-" by S&P or below "BBB-" by Fitch or, if it is not rated at all by either Fitch or S&P, below "Baa3" by Moody's will be not more than €30 million;
- (j) notwithstanding the limitations set forth in items (k), (l), (m), (n), (o) and (p) below, (A) only one obligor may issue an Aggregate Principal Balance of RMBS and CMBS of not more than €9 million and (B) the Aggregate Principal Balance of RMBS and CMBS issued by any further four obligors will be not more than €6 million;
- (k) the Aggregate Principal Balance of Collateral Debt Securities, comprising the same tranche of a particular obligor and rated below "BBB-" by S&P or below "BBB-" by Fitch or, if it is not rated at all by either Fitch or S&P, below "Baa3" by Moody's will be not more than €3 million;
- (l) the aggregate Principal Balance of RMBS comprising the same tranche of a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if it is not rated at all by either Fitch or S&P, "Baa3" or above by Moody's will be not more than €5 million;
- (m) the aggregate Principal Balance of CMBS comprising the same tranche of a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if it is not rated at all by either Fitch or S&P, "Baa3" or above by Moody's will be not more than €4 million; provided, however, that the aggregate Principal Balance of CMBS issued by two particular single obligors, each rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if it is not rated at all by either Fitch or S&P, "Baa3" or above by Moody's will not be more than €5 million per such single obligor;
- (n) the aggregate Principal Balance of Non-Performing Loan Securities or Non-Conforming Securities comprising the same tranche of a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if it is not rated at all by either Fitch or S&P, "Baa3" or above by Moody's will be not more than €4 million;
- (o) the aggregate Principal Balance of CDOs comprising the same tranche of a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if it is not rated at all by either Fitch or S&P, "Baa3" or above by Moody's will be not more than €4 million;
- (p) the aggregate Principal Balance of ABS comprising the same tranche of a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if it is not rated at all by either Fitch or S&P, "Baa3" or above by Moody's will be not more than €4 million;
- (q) the Aggregate Principal Balance of Collateral Debt Securities without a public rating by S&P will be not more than €40 million;
- (r) the Aggregate Principal Balance of Collateral Debt Securities with a legal maturity later than 6 October 2054 will be not more than €50 million;
- (s) on or after the Ramp-Up Effective Date, each of the Collateral Quality Tests will be satisfied and the Rating Agencies will confirm their ratings of the Rated Notes;
- (t) after the Ramp-Up Effective Date, each of the Overcollateralisation Ratio Tests will be satisfied;
- (u) the Aggregate Principal Balance of all the Collateral Debt Securities serviced by a single servicer (together with the aggregate Principal Balance of any Synthetic Credit Linked Securities related thereto) plus the aggregate Principal Balance of the Eligible Investments purchased with funds from the Principal Collection Account shall not exceed €15 million provided that (a) if the servicer is rated at least "A" or "S2" by Fitch, such limit shall be increased to €20 million, and/or (b) if the servicer is rated at least "AA-" or "S1" by Fitch, such limit shall be increased to €30 million, and (c) that, for the purpose of this item (u) and with respect to Collateral Debt Securities that are managed by a portfolio manager or collateral manager, such portfolio manager or collateral manager shall be considered a servicer, and further provided that this item (u) shall not apply if the Rating Agency Confirmation in respect of Fitch is obtained (such confirmation not to be unreasonably withheld or delayed by Fitch);

- (v) the weighted average life of all Collateral Debt Securities will not be more than 8.5 years;
- (w) on the Ramp-Up Effective Date, each of the Coverage Tests will be satisfied; and
- (x) subject to item (e) above, the aggregate Principal Balance of all Synthetic Credit Linked Securities, the Reference Obligations of which are only cashflow CDO of MBS shall not exceed €4 million.

For the purposes of determining compliance with the Eligibility Criteria and the Portfolio Criteria other than those related to the Collateral Quality Tests but including the Weighted Average S&P Recovery Rate Test and the Weighted Average Fitch Recovery Rate Test, only public ratings will be used.

For the purposes of determining compliance with the Collateral Quality Tests (other than the Weighted Average S&P Recovery Rate Test and the Weighted Average Fitch Recovery Rate Test), (a) public ratings, private ratings or credit estimates may be used, and (b) if the asset is not rated by any given Rating Agency, such asset shall be notched in accordance with Provision 6(g).

5. Other Matters Relating to the Eligibility Criteria and the Portfolio Criteria; Suspension of Reinvestment

In connection with the above calculations, the Issuer, the Investment Board, the Collateral Manager and the Trustee may rely exclusively on reports relating to any Collateral Debt Security delivered to the Issuer, the Investment Board, the Collateral Manager or the Trustee by the trustee, servicer or collateral manager with respect to such Collateral Debt Security.

If the Issuer has previously entered into a commitment to acquire an obligation or security for inclusion in the Portfolio then the Issuer need not comply further with any of the Eligibility Criteria or Portfolio Criteria on the date of such acquisition if the Issuer complied with each of the Eligibility Criteria and Portfolio Criteria on the trade date on which the Issuer entered into such commitment.

If the Investment Board (acting on behalf of the Issuer), based upon the proposal of the Collateral Manager, reasonably determines that, in light of the composition of Collateral Debt Securities in the Portfolio, general market conditions and any other factors the Collateral Manager considers relevant, investments in additional Collateral Debt Securities would at any time during the Reinvestment Period either be impracticable or not beneficial to the Issuer, the Reinvestment Period shall be suspended for such period as determined by the Investment Board (acting on behalf of the Issuer), based upon the proposal of the Collateral Manager, in its sole discretion for the purposes specified in Provision 2 above. The Reinvestment Period shall also be suspended for such purposes on any Measurement Date after the Ramp-Up Effective Date on which any of the Coverage Tests are breached as determined by the Investment Board (acting on behalf of the Issuer), based upon the proposal of the Collateral Manager, or by the Collateral Administrator until such time as all of the Coverage Tests are satisfied, provided that the Investment Board (acting on behalf of the Issuer) shall honour any commitment to acquire Collateral Debt Securities arising before the suspension of the Reinvestment Period.

6. Collateral Quality Tests

The Collateral Quality Tests will be used primarily as criteria for acquiring Collateral Debt Securities. The Collateral Quality Tests will be comprised of (a) the Weighted Average Fitch Rating Factor Test, (b) the Weighted Average S&P Recovery Rate Test, (c) the Weighted Average Fitch Recovery Rate Test, (d) the Weighted Average Spread Test, (e) the Standard & Poor's CDO Monitor Test, (f) the Weighted Average Life Test, which are described below.

Measurement by the Collateral Administrator of the degree of compliance with the Collateral Quality Tests will be required on each Measurement Date.

(a) *Weighted Average Fitch Rating Factor Test*

The "**Weighted Average Fitch Rating Factor Test**" will be satisfied on any Measurement Date if the Fitch Weighted Average Rating of the Collateral Debt Securities does not exceed 5.8.

The "**Fitch Weighted Average Rating**" is determined by taking the sum of the products obtained by multiplying the Principal Balance of each Collateral Debt Security other than a

Defaulted Security by its Fitch Rating Factor (as described below), dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities, and rounding the result up to the nearest two decimal places.

For the purpose of computing the Fitch Weighted Average Rating, with respect to any Collateral Debt Security on any Measurement Date, the Fitch Rating Factor shall be the number set forth in the table below opposite the Fitch Rating of such Collateral Debt Security and Eligible Investment:

Fitch Rating	Fitch Rating Factor	Fitch Rating	Fitch Rating Factor
AAA	0.19	BB	13.53
AA+	0.57	BB-	18.46
AA	0.89	B+	22.84
AA-	1.15	B	27.67
A+	1.65	B-	34.98
A	1.85	CCC+	43.36
A-	2.44	CCC	48.52
BBB+	3.13	CC	77.00
BBB	3.74	C	95.00
BBB-	7.26	DDD-D	100.00
BB+	10.18		

The "Fitch Rating" of any Collateral Debt will be determined as follows:

- (1) (i) if such item is rated by Fitch, as published in any publicly available news source, such rating; (ii) if the rating cannot be assigned pursuant to (i) (above) and there is a publicly available rating for such Collateral Debt Security by Moody's or S&P (but not both), the rating that corresponds to S&P or Moody's rating, as the case may be; (iii) if the rating cannot be assigned pursuant to (i) or (ii) (above) and there is a publicly available rating for such Collateral Debt Security by Moody's and S&P, the rating that corresponds to the lower of the Moody's or S&P rating; or (iv) if the rating cannot be assigned pursuant to (i), (ii) or (iii) (above), the Issuer or the Collateral Manager, on behalf of the Issuer, shall apply to Fitch for a private rating which shall then be the Fitch Rating, provided that (y) if such Collateral Debt Security has been put on rating watch negative or negative credit watch for possible downgrade by any Rating Agency, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by that Rating Agency, and that (z) if such Collateral Debt Security has been put on rating watch positive or positive credit watch for possible downgrade by any Rating Agency, then the rating used to determine the Fitch Rating above shall be one rating subcategory above such rating by that Rating Agency and notwithstanding the rating definition described above, Fitch reserves the right to issue a rating estimate for any Collateral Debt Security at any time.
- (2) For the purposes of such rating, the following shall be a table of equivalent ratings (which may be adjusted in good faith by the Collateral Manager upon consultation with the Rating Agencies and Moody's):

Fitch	Moody's	S&P
"AAA"	"Aaa"	"AAA"
"AA+"	"Aa1"	"AA+"
"AA"	"Aa2"	"AA"

Fitch	Moody's	S&P
"AA-"	"Aa3"	"AA-"
"A+"	"A1"	"A+"
"A"	"A2"	"A"
"A-"	"A3"	"A-"
"BBB+"	"Baa1"	"BBB+"
"BBB"	"Baa2"	"BBB"
"BBB-"	"Baa3"	"BBB-"
"BB+"	"Ba1"	"BB+"
"BB"	"Ba2"	"BB"
"BB-"	"Ba3"	"BB-"
"B+"	"B1"	"B+"
"B"	"B2"	"B"
"B-"	"B3"	"B-"
"CCC+"	"Caa1"	"CCC+"
"CCC"	"Caa2"	"CCC"
"CCC-"	"Caa3"	"CCC-"
"CC"	"Ca"	"CC"
"C"	"C"	"C"
"DDD"	"WR"	"D"
"DD"		
"D"		

(b) *Weighted Average S&P Recovery Rate Test*

The "**Weighted Average S&P Recovery Rate Test**" will be satisfied as of any Measurement Date if the Weighted Average S&P Recovery Rate of all Collateral Debt Securities is greater than or equal to in respect of:

- (i) Notes rated "AAA" by S&P, 26.0 per cent.;
- (ii) Notes rated "AA", "AA+" or "AA-" by S&P, 30.0 per cent.;
- (iii) Notes rated "A", "A+" or "A-" by S&P, 34.0 per cent.; and
- (iv) Notes rated "BBB", "BBB+" or "BBB-" by S&P, 41.0 per cent.

The "**Weighted Average S&P Recovery Rate**" of all Collateral Debt Securities, as of any Measurement Date, is the aggregate of the products obtained by multiplying the Principal Balance of each Collateral Debt Security by its S&P Recovery Rate, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities, multiplying the result by 100 and rounding up to the first decimal place. For the purposes of each Weighted Average S&P Recovery Rate, the Principal Balance of a Defaulted Security shall be deemed to be zero.

A "**S&P Recovery Rate**" shall be determined for each Collateral Debt Security as follows:

(A) *Collateral Debt Security other than Synthetic Credit Linked Securities*

**Senior Asset
Class**

Liability Rating

Senior Asset Class	Liability Rating						
Rating of Collateral Debt Security upon acquisition by the Issuer thereof	"AAA "	"AA "	"A "	"BBB "	"BB "	"B "	"CCC "
"AAA "	80.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
"AA "	70.0 per cent.	75.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
"A "	60.0 per cent.	65.0 per cent.	75.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
"BBB "	50.0 per cent.	55.0 per cent.	65.0 per cent.	75.0 per cent.	85.0 per cent.	85.0 per cent.	85.0 per cent.

Junior Asset Class	Liability Rating						
Rating of Collateral Debt Security upon acquisition by the Issuer thereof	"AAA "	"AA "	"A "	"BBB "	"BB "	"B "	"CCC "
"AA "	55.0 per cent.	65.0 per cent.	75.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.
"A "	40.0 per cent.	45.0 per cent.	55.0 per cent.	65.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.
"BBB "	30.0 per cent.	35.0 per cent.	40.0 per cent.	45.0 per cent.	50.0 per cent.	60.0 per cent.	70.0 per cent.
"BB "	10.0 per cent.	10.0 per cent.	10.0 per cent.	25.0 per cent.	35.0 per cent.	40.0 per cent.	50.0 per cent.
"B "	2.5 per cent.	5.0 per cent.	5.0 per cent.	10.0 per cent.	10.0 per cent.	20.0 per cent.	25.0 per cent.
"CCC "	0.0 per cent.	0.0 per cent.	0.0 per cent.	0.0 per cent.	2.5 per cent.	5.0 per cent.	5.0 per cent.

A Collateral Debt Security is considered senior if it occupies the most senior position in the capital structure of the respective transaction. Collateral Debt Securities not fitting this criteria will be considered subordinated for the purposes of determining the Weighted Average S&P Recovery Rates.

(B) *Project Finance, future flows, custom-made synthetics, CDO repackagings of ABS or CDOs, guaranteed ABS, distressed debt CDOs, Synthetic CDOs, Emerging Market CDOs and market value CDOs*

The rating and S&P Recovery Rate assigned by S&P with respect thereto.

The "**S&P Rating**" with respect to any Collateral Debt Security as of any date of determination shall be determined as follows:

- (1) if a Collateral Debt Security is on credit watch for possible upgrade or downgrade by S&P for purposes of the Standard & Poor's CDO Monitor Test, such Collateral Debt Security shall be deemed to have an S&P Rating one subcategory above or below (as applicable) the existing S&P Rating of such Collateral Debt Security until such Collateral Debt Security is no longer on credit watch for possible upgrade or downgrade (as applicable) by S&P, whereupon such Collateral Debt Security's actual rating by S&P shall apply;
- (2) if a Collateral Debt Security is not a PIK Security which is part of the highest rated tranche of the Underlying Collateral and such Collateral Debt Security is in technical default as evidenced by a notice of default from the collateral manager or the trustee of such Underlying Collateral, for the purposes of the Standard & Poor's CDO Monitor Test, such Collateral Debt Security shall be deemed to have an S&P Rating one subcategory below the existing S&P Rating of such Collateral Debt Security until such Collateral Debt Security is no longer in technical default as evidenced by a notice of default from the collateral manager or the trustee of such Underlying Collateral, whereupon such Collateral Debt Security's actual rating by S&P shall apply;
- (3) if a Collateral Debt Security is a Non-PIK Security which is part of any other tranche (other than the highest rated tranche) of the Underlying Collateral and such Collateral Debt Security is in technical default as evidenced by a notice of default from the collateral manager or the trustee of such Underlying Collateral, for the purposes of the Standard & Poor's CDO Monitor Test, such Collateral Debt Security shall be deemed to have an S&P Rating two subcategories below the existing S&P Rating of such Collateral Debt Security until such Collateral Debt Security is no longer in technical default, whereupon such Collateral Debt Security's actual rating by S&P shall apply;
- (4) if there is a credit rating of such Collateral Debt Security, or the guarantor who unconditionally and irrevocably guarantees such Collateral Debt Security, then the S&P Rating shall be such rating, provided that such guarantee is in a form satisfactory to S&P;
- (5) if the Collateral Debt Security is not rated by S&P, then the Issuer or the Collateral Manager on behalf of the Issuer, may apply to S&P for a credit estimate, which shall be its S&P Rating; and
- (6) if there is no obligor credit rating published by S&P and such Collateral Debt Security is not rated by S&P, and no other security or obligation of the obligor is rated by S&P and neither the Issuer nor the Collateral Manager obtains an S&P Rating for such Collateral Debt Security pursuant to sub paragraph (5) above, then the S&P Rating of such Collateral Debt Security may be determined using the methods provided in Provision 6(g).

(c) *Weighted Average Fitch Recovery Rate Test*

The "**Weighted Average Fitch Recovery Rate Test**" will be satisfied on any Measurement Date if the Weighted Average Fitch Recovery Rate of all Collateral Debt Securities is greater than or equal to in respect of:

- (i) Notes rated "AAA" by Fitch, 18.5 per cent.;
- (ii) Notes rated "AA", "AA+" or "AA-" by Fitch, 25.0 per cent.;
- (iii) Notes rated "A", "A+" or "A-" by Fitch, 32.5 per cent.; and
- (iv) Notes rated "BBB", "BBB+" or "BBB-" by Fitch, 39.0 per cent.

The "**Weighted Average Fitch Recovery Rate**" of all Collateral Debt Securities, as of any Measurement Date, is the aggregate of the products obtained by multiplying the Principal

Balance of each Collateral Debt Security by its Fitch Recovery Rate, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities, multiplying the result by 100 and rounding up to the first decimal place. For the purposes of each Weighted Average Fitch Recovery Rate, the Principal Balance of a Defaulted Security shall be deemed to be zero.

The "**Fitch Recovery Rate**" shall be an amount equal to the percentage corresponding to the domicile and seniority of each Collateral Debt Security or Deferred Interest PIK Security, as applicable, as set forth below; provided that, the applicable percentage shall be the percentage corresponding to the original rating of the most senior outstanding class of notes then rated by Fitch.

Seniority	AAA	AA	A	BBB	BB	B
SF Senior AAA	80%	83%	86%	89%	92%	95%
SF Non Sr AAA	65%	70%	75%	80%	85%	90%
SF AA Senior	65%	69%	73%	77%	81%	85%
SF AA Non Sr (>10%)	50%	56%	62%	68%	74%	80%
SF AA Non Sr (5-10%)	45%	51%	57%	63%	69%	75%
SF AA Non Sr (0-5%)	40%	46%	52%	58%	64%	70%
SF Senior A	60%	64%	68%	72%	76%	80%
SF A Non Sr (>10%)	40%	47%	54%	61%	68%	75%
SF A Non Sr (5-10%)	35%	42%	48%	55%	61%	68%
SF A Non Sr (0-5%)	30%	36%	42%	48%	54%	60%
SF Senior BBB	55%	59%	63%	67%	71%	75%
SF BBB Non Sr (>10%)	30%	38%	46%	54%	62%	70%
SF BBB Non Sr (5-10%)	25%	33%	41%	48%	56%	63%
SF BBB Non Sr (0-5%)	20%	27%	35%	42%	50%	55%
SF Senior BB	50%	54%	58%	62%	66%	70%
SF BB Non Sr (>10%)	15%	19%	23%	27%	32%	35%
SF BB Non Sr (5-10%)	10%	14%	18%	22%	27%	30%
SF BB Non Sr (0-5%)	5%	9%	13%	17%	21%	25%
SF B Non Sr (>10%)	12%	16%	20%	24%	28%	32%
SF B Non Sr (5-10%)	8%	11%	15%	19%	23%	27%
SF B Non Sr (0-5%)	3%	7%	11%	14%	18%	22%
SF < B	0%	4%	8%	12%	16%	20%

(d) *Weighted Average Spread Test*

The "**Weighted Average Spread Test**" will be satisfied as of any Measurement Date if (a)(i) the weighted average coupon minus the EURIBOR rate on such Measurement Date ("**Weighted Average Coupon**") of all Fixed Rate Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due, Defaulted Securities and Deferred Interest PIK Securities) multiplied by the outstanding Principal Balance of such Fixed Rate Collateral Debt Securities (the "**Fixed Par Amount**") as of such date plus (ii) the weighted average spread ("**Weighted Average Spread**") above EURIBOR (with respect to Collateral Debt Securities whose reference index is not EURIBOR, the equivalent spread over EURIBOR) of all Floating Rate Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due, Defaulted Securities and Deferred Interest PIK Securities) multiplied by the outstanding Principal Balance of such

Floating Rate Collateral Debt Securities (the "**Floating Par Amount**") as of such date divided by (b) the sum of the Fixed Par Amount and the Floating Par Amount, is greater than the Required Weighted Average Spread. For the purposes of this definition, any Fixed Rate Collateral Debt Security that is the subject of a Collateral Interest Rate Swap shall be considered a Floating Rate Collateral Debt Security bearing interest at a floating rate equal to the implied spread over EURIBOR receivable by the Issuer pursuant to such Collateral Interest Rate Swap (so long as there is no default under such Collateral Interest Rate Swap), provided however that each Collateral Debt Security that is a CMBS, if subject to an Available Funds Cap, the interest coupon payable thereon will be deemed to be zero unless otherwise at the lower of the spreads agreed from time to time by S&P and Fitch.

With respect to the calculation of Weighted Average Coupon and Weighted Average Spread, the coupon or spread of any Collateral Debt Security with a coupon or spread that is only partially rated shall be the rated portion of the coupon or spread.

As of any Measurement Date, "**Required Weighted Average Spread**" means a rate equal to 1.38 per cent. per annum; provided that the Required Weighted Average Spread may be modified if the Rating Agency Confirmation is obtained with respect to such modification.

(e) *Standard & Poor's CDO Monitor Test*

The "**Standard & Poor's CDO Monitor Test**" will be satisfied on any Measurement Date during the Reinvestment Period if after giving effect to the disposal of a Collateral Debt Security or the acquisition of a Collateral Debt Security (or both) (i)(x) the Class A1 Default Differential of the Proposed Portfolio is positive or (y) the Class A1 Default Differential of the Proposed Portfolio is greater than the Class A1 Default Differential of the Current Portfolio, (ii)(x) the Class A2 Default Differential of the Proposed Portfolio is positive or (y) the Class A2 Default Differential of the Proposed Portfolio is greater than the Class A2 Default Differential of the Current Portfolio, (iii)(x) the Class B Default Differential of the Proposed Portfolio is positive or (y) the Class B Default Differential of the Proposed Portfolio is greater than the Class B Default Differential of the Current Portfolio, (iv)(x) the Class C Default Differential of the Proposed Portfolio is positive or (y) the Class C Default Differential of the Proposed Portfolio is greater than the Class C Default Differential of the Current Portfolio, and (v)(x) the Class D Default Differential of the Proposed Portfolio is positive or (y) the Class D Default Differential of the Proposed Portfolio is greater than the Class D Default Differential of the Current Portfolio.

The "**Class A1 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A1 Notes in full by their stated maturity and the timely payment of interest, the Class A1 Single Draw Notes Commitment Fee and the Class A1 Delayed Draw Notes Commitment Fee.

The "**Class A1 Default Differential**", at any time, is the rate calculated by subtracting the Class A1 Scenario Default Rate at such time from the Class A1 Break-Even Default Rate at such time.

The "**Class A1 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "AAA" rating of the Class A1 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Class A2 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A2 Notes in full by their stated maturity and timely payment of interest.

The "**Class A2 Default Differential**", at any time, is the rate calculated by subtracting the Class A2 Scenario Default Rate at such time from the Class A2 Break-Even Default Rate at such time.

The "**Class A2 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "AAA" rating of the Class A2 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Class B Break-Even Default Rate**" at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class B Notes in full and the timely payment of interest on the Class B Notes.

The "**Class B Default Differential**", at any time, is the rate calculated by subtracting the Class B Scenario Default Rate at such time from the Class B Break-Even Default Rate at such time.

The "**Class B Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an "AA" rating of the Class B Notes by S&P, determined by application of the Standard & Poor's CDO Monitor at such time.

The "**Class C Break-Even Default Rate**", at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class C Notes in full and the ultimate payment of interest on the Class C Notes.

The "**Class C Default Differential**", at any time, is the rate calculated by subtracting the Class C Scenario Default Rate as such time from the Class C Break-Even Default Rate at such time.

The "**Class C Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an "A" rating of the Class C Notes by S&P, determined by application of the Standard & Poor's CDO Monitor at such time.

The "**Class D Break-Even Default Rate**", at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class D Notes in full and the ultimate payment of interest on the Class D Notes.

The "**Class D Default Differential**", at any time, is the rate calculated by subtracting the Class D Scenario Default Rate at such time from the Class D Break-Even Default Rate at such time.

The "**Class D Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an "BBB" rating of the Class D Notes by S&P, determined by application of the Standard & Poor's CDO Monitor at such time.

The "**Current Portfolio**" means the portfolio (measured by Principal Balance) of Collateral Debt Securities, Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds, existing immediately prior to the sale, maturity or other disposal of a Collateral Debt Security or immediately prior to the acquisition of a Collateral Debt Security, as the case may be.

The "**Proposed Portfolio**" means the portfolio (measured by Principal Balance) of Collateral Debt Securities, Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds, resulting from the sale, maturity or other disposal of a Collateral Debt Security or a proposed acquisition of a Collateral Debt Security, as the case may be.

The "**Standard & Poor's CDO Monitor**" is the model used to estimate the default rate the portfolio is likely to experience and which will be provided to the Collateral Manager and the Collateral Administrator on or before the Ramp-Up Effective Date. The Standard & Poor's CDO Monitor calculates the projected cumulative default rate of a pool of Collateral Debt Securities consistent with a specified benchmark rating level based upon Standard & Poor's proprietary corporate debt default studies. In calculating the Class A1 Scenario Default Rate, Class A2 Scenario Default Rate, the Class B Scenario Default Rate, Class C Scenario Default Rate and the Class D Scenario Default Rate, the Standard & Poor's CDO Monitor considers each obligor's issuer rating, the number of obligors in the portfolio, the obligor and industry concentrations in the portfolio and the remaining weighted average maturity of the Collateral Debt Securities and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Debt Securities and Eligible Investments.

There can be no assurance that actual defaults of the Collateral Debt Securities or the timing of defaults will not exceed those assumed in the application of the Standard & Poor's CDO Monitor or that recovery rates with respect thereto will not differ from those assumed in the Standard & Poor's CDO Monitor Test. Standard & Poor's makes no representation that actual defaults will not exceed those determined by the Standard & Poor's CDO Monitor. Neither the Collateral Manager, the Collateral Administrator nor the Issuer make any representation as to the expected rate of defaults of the Collateral Debt Securities or the timing of defaults or as to the expected recovery rate or the timing of recoveries.

(f) *Weighted Average Life Test*

The "**Weighted Average Life Test**" will be satisfied on any Measurement Date occurring on or after the Ramp-Up Effective Date if the Weighted Average Life as of such Measurement Date is not greater than the number for such date set forth below:

Measurement Date falling on or after the Determination Date in respect of the Payment Dates falling in	Weighted Average Life (in years)
April, October 2006	8.5
April, October 2007	7.5
April, October 2008	7.5
April, October 2009	6.5
April, October 2010	6.5
April, October 2011	5.5
April, October 2012	5.5
April, October 2013	4.5
April, October 2014	4.5
April, October 2015	3.5
April, October 2016	2.5
April, October 2017	1.5

The "**Weighted Average Life**" equals, as of any Measurement Date, the number obtained by (i) multiplying the euro amount for each Collateral Debt Security (other than Defaulted Securities) of each expected distribution of principal to be paid after such Measurement Date by the number of years (rounded to the nearest hundredth) from such Measurement Date until such expected distribution of principal is due; (ii) summing all of the products calculated pursuant to Clause (i); and (iii) dividing the sum calculated pursuant to Clause (ii) by the sum of all expected distributions of principal due on all the Collateral Debt Securities (other than Defaulted Securities) as of such Measurement Date.

(g) *Notching by S&P*

If the Collateral Debt Security is not rated by S&P, S&P may, for purposes of conducting their analysis, proceed to notch such Collateral Debt Security in accordance with the following criteria:

With respect to any Collateral Debt Security that is in the reasonable opinion of the Collateral Manager primarily backed by European assets, if such Collateral Debt Security is not rated by S&P, the following notching provisions apply:

(A) with respect to any Collateral Debt Securities which are in the following asset classes and are rated by both Moody's and Fitch:

ASSET CLASS	Lower of Public Rating by Moody's or Fitch AAA to BBB-/Baa3	Lower of Public Rating by Moody's or Fitch below BBB-/Baa3
Auto-Prime	1	2
Consumer Loans	1	2
Credit Card	1	2
Leases other than Italian Leases	1	2
Italian Leases	1	2
SME Loan Collateral Debt Obligations	1	2
Cash Flow Residential Mortgages – prime	1	2
Cash Flow Residential Mortgages – non prime	2	3
CMBS	2	3
Cashflow CBO/CLO backed by pool of corporate loans	1	2

(B) with respect to any Collateral Debt Securities which are in the following asset classes and which do not fall under (A) above and are rated by both Moody's and Fitch:

ASSET CLASS	Lower of Public Rating by Moody's or Fitch AAA to AA-/Aa3	Lower of Public Rating by Moody's or Fitch below AA-/Aa3 and above A-/A3
Operating Company Securitisation Security rated by Moody's and Fitch	2	3
Non-Performing Loan Securities	1	n/a

provided that

- aa. in the case of Italian Leases the highest S&P Rating for a Collateral Debt Security that is an Italian Lease determined pursuant to this provision shall be "AA-" unless the originator of such Collateral Debt Security is rated "Baa3" or higher by Moody's and "BBB-" or higher by Fitch;
- bb. a Collateral Debt Security which is a Synthetic Credit Linked Security and is rated "Aaa" by Moody's and "AAA" by Fitch shall be "AA+";
- cc. a German RMBS that is not rated "Aaa" by Moody's and "AAA" by Fitch may not be determined by notching;

- dd. a European RMBS with multi-family properties and/or construction dwellings may not be determined by notching;
- ee. with respect to any Collateral Debt Security in respect of which the relevant obligor is organised in The Netherlands or in the opinion of the Collateral Manager is a Dutch RMBS, the relevant rating of Moody's and Fitch for the purposes of the foregoing shall be the lower of the ratings assigned by such Rating Agency to such obligor and any insurance company that guarantees payments in respect of such European RMBS;
- ff. Collateral Debt Securities may only be notched in accordance with the above provisions to the extent that the underlying assets of the Collateral Debt Securities that are notched belong to jurisdictions such as Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom; and
- gg. the aggregate Principal Balance of Collateral Debt Securities not publicly rated by S&P, but notched utilising the aforementioned notching provisions will comprise no more than €40,000,000.

7. Coverage Tests

The Coverage Tests for the Notes will consist of (i) the Senior Coverage Tests (comprised of the Senior Overcollateralisation Ratio Test and the Senior Interest Coverage Ratio Test); (ii) the Class C Coverage Tests (comprised of the Class C Overcollateralisation Ratio Test and the Class C Interest Coverage Ratio Test); and (iii) the Class D Coverage Tests (comprised of the Class D Overcollateralisation Ratio Test and the Class D Interest Coverage Ratio Test).

(a) *Overcollateralisation Ratio Tests*

The Senior Overcollateralisation Ratio Test will be satisfied on any Measurement Date on which any Class A Note or Class B Note remains Outstanding, if the Senior Overcollateralisation Ratio on such Measurement Date is equal to or greater than 107 per cent.

The Class C Overcollateralisation Ratio Test will be satisfied on any Measurement Date on which any Class C Note remains Outstanding, if the Class C Overcollateralisation Ratio on such Measurement Date is equal to or greater than 105 per cent.

The Class D Overcollateralisation Ratio Test will be satisfied on any Measurement Date on which any Class D Note remains Outstanding, if the Class D Overcollateralisation Ratio on such Measurement Date is equal to or greater than 103 per cent.

The Senior Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test and the Class D Overcollateralisation Ratio Test shall together be referred to as the "**Overcollateralisation Ratio Tests**" and "**Overcollateralisation Ratio Test**" shall mean any of them.

(b) *Interest Coverage Ratio Tests*

The Senior Interest Coverage Ratio Test will be satisfied on any Measurement Date on which any Class A Note or Class B Note remains Outstanding, if the Senior Interest Coverage Ratio on such Measurement Date is equal to or greater than 106 per cent.

The Class C Interest Coverage Ratio Test will be satisfied on any Measurement Date on which any Class C Note remains Outstanding, if the Class C Interest Coverage Ratio on such Measurement Date is equal to or greater than 107 per cent.

The Class D Interest Coverage Ratio Test will be satisfied on any Measurement Date on which any Class D Note remains Outstanding, if the Class D Interest Coverage Ratio on such Measurement Date is equal to or greater than 108 per cent.

The Senior Interest Coverage Ratio Test, the Class C Interest Coverage Ratio Test and the Class D Interest Coverage Ratio Test shall together be referred to as the "**Interest Coverage Ratio Tests**", and "**Interest Coverage Ratio Test**" shall mean any of them.

The principal amount of Notes to be redeemed on any Payment Date as of which the Interest Coverage Ratio Tests are not satisfied will be the amount that, if it had been paid in reduction of principal on the prior Payment Date, would have caused the Interest Coverage Ratio Tests to be satisfied on the

relevant Determination Date or Single Draw Note Determination Date. For the purposes of determining compliance with any Coverage Test, all accrued and unpaid payments of interest on Collateral Debt Securities accrued prior to the date of acquisition thereof by the Issuer which are acquired with Principal Proceeds or Uninvested Proceeds and amounts of interest accrued and unpaid in respect of Non-Performing Loan Securities will be excluded.

8. Hedge Agreement

On the Closing Date, the Issuer will enter into the Hedge Agreement with the Hedge Counterparty and the Trustee in the form of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) (as published by the ISDA) (including the schedule thereto), as amended and supplemented from time to time by the transaction confirmation which will supplement and form part of each Collateral Interest Rate Swap. As at the date of this Prospectus, the short-term senior, unsecured and unsubordinated debt rating of the Hedge Counterparty by S&P is "A-1" and by Fitch is "F1+", and the long-term senior, unsecured and unsubordinated debt rating of the Hedge Counterparty is "A+" by S&P and "AA-" by Fitch.

The Hedge Agreement is attached as Annex E to the Conditions.

The Collateral Manager will advise the Investment Board (acting on behalf of the Issuer) in respect of the entry into and close-out of any Collateral Interest Rate Swaps and the reduction of the notional amount of such Collateral Interest Rate Swaps, from time to time, pursuant to any termination (in whole or in part) of such Collateral Interest Rate Swaps, and, before the day on which the first of each of the Collateral Interest Rate Swaps is entered into by the Issuer, request for Rating Agency Confirmation in respect of the form of confirmation to be used in respect thereof.

(a) Collateral Interest Rate Swaps

The Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) may enter into Collateral Interest Rate Swaps pursuant to which the Issuer pays periodically to the Hedge Counterparty amounts calculated by reference to the interest payments received by the Issuer in respect of Fixed Rate Collateral Debt Securities and the Hedge Counterparty pays to the Issuer amounts calculated by reference to the EURIBOR rate payable by the Issuer in respect of the Notes.

There will be optionality embedded into the Collateral Interest Rate Swaps to allow such Collateral Interest Rate Swaps to be terminated early and cancelled at no cost.

(b) Different Collateral Interest Rate Swaps

If the Issuer and the Hedge Counterparty so agree (subject to the Rating Agency Confirmation), a Collateral Interest Rate Swap may contain terms which are different from those described above, provided that no Collateral Interest Rate Swap shall be entered into for speculative purposes.

(c) Termination of the Hedge Agreement

The Issuer will be able to (i) terminate the Collateral Interest Rate Swaps if there is an "Event of Default", and (ii) terminate the Collateral Interest Rate Swaps if there is a Termination Event (each as defined in the Hedge Agreement and described below) with respect to the Hedge Counterparty and the Hedge Counterparty will be able to terminate such Collateral Interest Rate Swaps if there is an "Event of Default" or a "Termination Event" with respect to the Issuer. The Hedge Agreement contains termination events commonly found in the 1992 ISDA Master Agreement (Multi currency - Cross Border) save for the disapplication as regards both the Issuer and the Hedge Counterparty of the "Events of Default" relating to "Breach of Agreement", "Credit Support Default" and "Default under Specified Transaction", "Misrepresentation" and "Cross Default" (each as defined in the Hedge Agreement), and (ii) the disapplication as regards both the Issuer and the Hedge Counterparty of the "Termination Events" relating to a "Tax Event", a "Tax Event upon Merger" and a "Credit Event upon Merger" (each as defined in the Hedge Agreement). The service of an Enforcement Notice by the Trustee on the Issuer shall constitute an "Event of Default" in respect of the Issuer.

In addition, the Hedge Agreement shall contain the following "Additional Termination Events" (as defined in the Hedge Agreement):

(aa) the Issuer redeems, or is required to redeem (or would be required to redeem with the giving of

notice (other than an Enforcement Notice) or lapse of time), in full the Notes pursuant to the Conditions; and

(bb) any Swap Guarantor fails to make, when due, any payment under such guarantee.

For the purposes of the "Additional Termination Event" under (aa), the Issuer shall be deemed to be the sole "Affected Party" (as defined in the Hedge Agreement). For the purposes of the "Additional Termination Event" under (bb), the Hedge Counterparty shall be deemed to be the sole "Affected Party".

Upon the occurrence of any "Event of Default" or "Termination Event" (each as defined in the Hedge Agreement), the Hedge Agreement may be terminated in accordance with the detailed provisions thereof and a lump sum (determined by reference to market quotations obtained for the entry into of a replacement swap on the same terms as that terminated) may become payable by the Issuer to the applicable Hedge Counterparty or vice versa.

Failure by the Hedge Counterparty to comply with Provision 8(d) below shall be an "Event of Default" (as defined in the Hedge Agreement), with the Hedge Counterparty being the "Defaulting Party" (as defined in the Hedge Agreement).

(d) *Rating Downgrade Provisions*

In the event that the Hedge Counterparty is subject to a Rating Downgrade Event, then the Hedge Counterparty shall at its own cost and within 30 calendar days either:

(aa) post collateral in accordance with the Credit Support Deed; or

(bb) transfer its rights and obligations under the Hedge Agreement (including the schedule and confirmation(s)) to a substitute counterparty with the Required Rating (a "**Substitute Counterparty**") provided that such Substitute Counterparty enters into documentation identical (or substantially identical) to the Hedge Agreement and the documents executed in connection with the Hedge Agreement by which the Substitute Counterparty shall acquire the same rights and assume the same obligations and make the same representations (if appropriate) as it would have acquired and assumed had such Substitute Counterparty been an original party to the Hedge Agreement and provided further that no "Termination Event", "Event of Default" or "Potential Event of Default" occurs as a result of such transfer (each term as defined in the Hedge Agreement); or

(cc) procure a guarantee of all of the Hedge Counterparty's obligations under the Hedge Agreement from a guarantor with the Required Rating (the "**Swap Guarantor**"), reasonably acceptable to the Issuer.

In the event that the Hedge Counterparty is, or, if the Hedge Counterparty has procured a guarantee from a Swap Guarantor, both the Hedge Counterparty and that Swap Guarantor are, subject to a Further Downgrade Event, then notwithstanding any provision above in respect of a Rating Downgrade Event, the Hedge Counterparty shall at its own cost immediately provide cash collateral in accordance with the terms of (aa) above and, within 15 calendar days thereafter, the Hedge Counterparty shall use its reasonable endeavours to transfer its rights and obligations under the Hedge Agreement (including the schedule and confirmation(s)) to a Substitute Counterparty reasonably acceptable to the Issuer and the Rating Agencies, provided that such Substitute Counterparty enters into documentation identical (or substantially identical) to the Hedge Agreement and the documents executed in connection therewith by which the Substitute Counterparty shall acquire the same rights and assume the same obligations and make the same representations (if appropriate) as it would have acquired and assumed had such Substitute Counterparty been an original party thereto.

For the purposes of the above:

A "**Rating Downgrade Event**" shall occur if:

(a) the short term rating applicable to the Hedge Counterparty is lower than "A-1" by S&P; or

(b) the Hedge Counterparty's short term rating by Fitch is lower than "F1" or long term rating by Fitch is lower than "A".

A "**Further Downgrade Event**" shall occur if the Hedge Counterparty has, or, if the Hedge

Counterparty has procured a guarantee from a Swap Guarantor, both the Hedge Counterparty and that Swap Guarantor have (i) a short term rating by Fitch which is lower than "F2" or (ii) a long term rating by Fitch which is lower than "BBB+" or (iii) a short term rating by S&P which is lower than "A-3".

(e) *Replacement Hedge Agreement*

In the event that the Hedge Agreement is terminated as a result of an "Event of Default" or a "Termination Event" thereunder pursuant to which the Hedge Counterparty is the sole "Defaulting Party" or "Affected Party" (each such term as defined in the terminated Hedge Agreement) the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) will:

- (aa) within 30 days of such termination or partial termination, enter into a replacement Hedge Agreement with a Hedge Counterparty on substantially the same terms as such terminated Hedge Agreement; and
- (bb) procure that any Termination Receipts paid by the Hedge Counterparty to the Issuer are either (i) paid into the Principal Collection Account as Principal Proceeds, or (ii) applied in payment of the costs of entering into such replacement Hedge Agreement.

"Termination Receipt" means any amount payable by the Hedge Counterparty to the Issuer upon termination of a Collateral Interest Rate Swap in whole or in part.

(f) *Costs of Entering into Replacement Hedge Agreement*

To the extent that the Termination Receipts referred to above are insufficient to pay the costs of entering into the replacement Hedge Agreement, the shortfall will be paid to the relevant replacement Hedge Counterparty in accordance with the relevant Priorities of Payment on the next Payment Date.

(g) *Decisions Relating to Termination*

The Collateral Manager will make proposals to the Investment Board (acting on behalf of the Issuer), and the Investment Board will, upon such proposals, make decisions in relation to:

- (aa) the exercise of the Issuer's right to designate an Early Termination Date upon the occurrence of an Event of Default or Termination Event under the Hedge Agreement; and
- (bb) all other rights of the Issuer in respect thereof, including, to the extent applicable, the calculation of any Termination Payment.

"Termination Payment" means any amount payable by the Issuer to the Hedge Counterparty upon termination of a Collateral Interest Rate Swap in whole or in part.

(h) *Credit Support Deed*

On the Closing Date, the Issuer will enter into a credit support deed (the "**Credit Support Deed**") with the Hedge Counterparty and the Trustee in the form of the 1995 ISDA Credit Support Deed (Bilateral Form – Security Interest) (as published by ISDA), under which, upon the occurrence of a Rating Downgrade Event or a Further Downgrade Event, the Hedge Counterparty will from time to time post collateral in respect of the Issuer's exposure to the Hedge Counterparty in respect of the Collateral Interest Rate Swaps entered into between the Issuer and the Hedge Counterparty from time to time.

(i) *Governing Law*

The Hedge Agreement, each Collateral Interest Rate Swap and the Credit Support Deed will be governed by the laws of England.

9. Eligible Investments

The Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) may, on behalf of the Issuer invest all funds standing to the credit of each Collection Account, the Expense Account, the Initial Proceeds Account and the Subordinated Collateral Management Fee Account in Eligible Investments having stated maturities no later than the Business Day immediately preceding the Determination Date of the Due Period in which the date of the investment occurs or, in the case of Eligible Investments representing amounts required to be disbursed in accordance with Condition 3(b) on a Single Draw Note Payment Date, no later than the Business Day immediately preceding the Single Draw Note Determination Date of the Single Draw Note Due Period in which the date of investment occurs.

10. Definitions

For the purposes of these Portfolio Provisions:

"**ABS**" means a security issued as part of a securitisation for which the Underlying Collateral consists of the following assets: (i) credit card receivables, (ii) student loans, (iii) other commercial or consumer receivables, or (iv) loans to small or medium enterprises, but excluding (a) future flow securities, (b) any security issued as part of an aircraft related securitisation, (c) any security issued as part of a Whole-Business Securitisation, (d) any RMBS, and (e) any CMBS;

"**Affiliate**" means with respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person, or (ii) any other Person who is a director, officer, employee or general partner of (a) such Person, or (b) any such other Person described in clause (i) above. For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise and "**Affiliated**" shall be construed accordingly;

"**Arbitrage CDO**" means (i) a CDO issued as part of a securitisation transaction undertaken to exploit the difference between the income receivable by the obligor of such CDO and the funding costs payable by such obligor and, where the portfolio is managed, it is managed by a third party manager and, for the avoidance of doubt, may include correlation or single tranche trades or (ii) a Synthetic Credit Linked Security, the Reference Obligations of which consist of CDOs of the type set forth in (i);

"**Available Funds Cap**" means, in respect of a CMBS that, if on any interest payment date thereunder there are insufficient funds to pay interest in respect of the tranche of that CMBS which the Issuer proposes to acquire, then, in accordance with the terms of the relevant Underlying Instrument, such shortfall shall be extinguished and the Issuer would have no further claim against the obligor of such CMBS in respect of such amounts;

"**CMBS**" means a security issued as part of a securitisation of a pool of receivables at least 50 per cent. of which are commercial mortgage receivables;

"**Credit Improved Security**" means any Collateral Debt Security that, in the sole judgement of the Collateral Manager, has significantly improved in credit quality provided however, that such Collateral Debt Security must have been upgraded by any Rating Agency at least one rating sub-category or have been placed and remain on a credit watch with positive implication since it was acquired by the Issuer or such Collateral Debt Security must have experienced an increase in market value to 100.50 per cent. of its original purchase price;

"**Credit Risk Security**" means any Collateral Debt Security that, in the sole judgement of the Collateral Manager, has a significant risk of declining in credit quality or such Collateral Debt Security has been downgraded by any Rating Agency at least one rating sub-category or have been placed and remain on a credit watch with negative implication since it was acquired by the Issuer or such Collateral Debt Security must have experienced a decrease in market value to 99.50 per cent. of its original purchase price;

"**Emerging Market Country**" means any jurisdiction which is not a Qualifying Foreign Country;

"**Emerging Market Underlying Security**" means any Collateral Debt Security which is, or in accordance with the terms of its Underlying Instrument is permitted to be, secured over assets at least 10 per cent. (by value) of which are located in, or issued by or referencing issuers located in, Emerging Market Countries;

"**Fixed Rate Collateral Debt Securities**" means Collateral Debt Securities that bear interest at a fixed rate;

"**Floating Rate Collateral Debt Securities**" means Collateral Debt Securities that bear interest at a floating rate;

"**Non-Conforming Security**" means a security issued as part of a securitisation of a pool of mortgage loans to borrowers who may not satisfy the market standard requirements of lenders to make such

loans to borrowers;

"Non-Performing Loan Security" means a security issued as part of a securitisation of a pool of loans which are in arrears or are expected to experience delays in payment of interest or principal;

"Non-PIK Security" means any Collateral Debt Security which is not a PIK Security;

"Principal Sales Proceeds" means the Sale Proceeds minus the portion of such Sale Proceeds which corresponds to accrued interest, as calculated by the Collateral Manager in good faith;

"Ramp-Up Effective Date Overcollateralisation Ratio" means the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance by the sum of the Principal Amount Outstanding of the Rated Notes (other than the Class A1 Notes), plus the Aggregate Class A1 Funded Amount, in each case, as of the Ramp-Up Effective Date;

"Ramp-Up Test Par Amount" means €179,000,000;

"Reference Obligation" means a CMBS, RMBS, Non-Performing Loan Security, or Non-Conforming Security or a pool of mortgages or loans that could otherwise be collateral for a CDO, CMBS, Non-Conforming Security or RMBS none of which are physically transferred to, held by or owned by the relevant Synthetic Credit Linked Security Issuer and to which reference is made in determining the payment obligations of a Synthetic Credit Linked Security Issuer under a Synthetic Credit Linked Security;

"Reference Obligor" means the issuer of the Synthetic Credit Linked Security referring to a Reference Obligation;

"RMBS" or **"Residential Mortgage Backed Security"** means a security issued as part of a securitisation of a pool of receivables at least 50 per cent. of which are residential mortgage receivables excluding Non-Conforming Securities and Non-Performing Loan Securities;

"Structured Finance Security" means any security which is an RMBS, a CMBS, a Non-Performing Security, a Non-Conforming Security, a CDO or an ABS;

"Synthetic Credit Linked Security" means securities in the form of notes (capable of being cleared through Euroclear or Clearstream, Luxembourg or DTC) issued by a mortgage bank, financial institution or special purpose vehicle, payments in respect of which match to the extent that the underlying Reference Obligors make payments on the related Reference Obligations to the Synthetic Credit Linked Security Issuer;

"Synthetic Credit Linked Security Issuer" means the mortgage bank, financial institution or special purpose vehicle which has issued a Synthetic Credit Linked Security and which is required to make payments on such Synthetic Credit Linked Security to the extent that the related Reference Obligors make payments on the related Reference Obligations;

"Underlying Collateral" means, in relation to a Collateral Debt Security, the assets over which security has been granted for the holders of that Collateral Debt Security;

"Underlying Combination Note" means any note comprised of two or more component securities issued by the same obligor at the same time; and

"Whole-Business Securitisation" means a securitisation of a business where the performance of the securities issued as part of that securitisation is dependent, directly or indirectly, on the operational risk and asset performance of a single company.

THE ACCOUNTS

1. Establishment of Accounts and Custody Account

The Issuer will, prior to the Closing Date, establish at the Account Bank each of the Accounts, which shall be held by the Account Bank in the name of the Issuer and shall be secured pursuant to the English Security Deed in favour of the Trustee for the benefit of the Secured Parties.

The Issuer will, prior to the Closing Date, establish an account which shall be designated as the Custody Account, which shall be held by the Custodian in accordance with the provisions of the Agency Agreement and secured in favour of the Trustee for the benefit of the Secured Parties pursuant to the English Security Deed and into which the Issuer shall from time to time deposit Mortgaged Property in the form of securities, including but not limited to, Collateral Debt Securities and Eligible Investments.

All securities or other assets deposited from time to time in the Custody Account shall be held by the Issuer as part of the Mortgaged Property and shall be applied for the purposes provided for in the Transaction Documents. Each of the Issuer and the Custodian will agree to give the Trustee and the Collateral Manager immediate notice if the Custody Account or any securities on deposit therein, or otherwise to the credit of the Custody Account, becomes subject to any writ, order, judgement, warrant of attachment, execution or similar process. No transfer or withdrawal from any Account will be made to the extent that such transfer or withdrawal would result in that Account being over-drawn.

The following provisions shall apply in respect of the Accounts prior to the security constituted by the English Security Deed becoming enforceable.

2. Collection Accounts

2.1 Interest Collection Account

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of all Interest Proceeds in euro into the Interest Collection Account immediately upon receipt thereof by the Issuer.

The Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts out of the Interest Collection Account:

- (a) on the Business Day prior to each Payment Date and on the Business Day prior to each Single Draw Note Payment Date, to the Payment Account, the amount required to be transferred thereto on such date in accordance with Condition 3(b) (*Status – Pre-Enforcement Priorities of Payment*); and
- (b) at any time, any amount to be applied by the Issuer in the acquisition of Eligible Investments, and will ensure that no other amount is paid out of the Interest Collection Account.

2.2 Principal Collection Account

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of all Principal Proceeds in euro into the Principal Collection Account immediately upon receipt thereof by the Issuer. In the case of Further Notes being issued after the Reinvestment Period, the Collateral Administrator, on behalf of the Issuer, will procure the payment of all net proceeds of such issuance into the Principal Collection Account for investment into Eligible Investments, to the extent that such proceeds have not been invested in Collateral Debt Securities.

The Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts out of the Principal Collection Account:

- (a) on the Business Day prior to each Payment Date and the Business Day prior to each Single Draw Note Payment Date, to the Payment Account, the amount required to be transferred thereto on such date in accordance with Condition 3(b) (*Status – Pre-Enforcement Priorities of Payment*);
- (b) at any time, any interest received in respect of amounts standing to the credit of the Principal

Collection Account, to the Interest Collection Account as Interest Proceeds;

- (c) at any time, any amount to be applied by the Issuer in the acquisition of Eligible Investments; and
- (d) upon acquisition of a Collateral Debt Security, if a Liquidity Asset Purchase Drawing is duly made and the moneys are not received by the Issuer in time for settlement, an amount equal to the amount of such Liquidity Asset Purchase Drawing to pay the purchase price of the relevant Collateral Debt Security, provided that the Collateral Administrator shall credit an amount equal to the Liquidity Asset Purchase Drawing when received to the Principal Collection Account,

and will ensure that no other amount is paid out of the Principal Collection Account.

Any Sale Proceeds received by the Issuer from the disposal of any Collateral Debt Security or Eligible Investment, instead of being deposited in the Principal Collection Account, may be simultaneously applied in the acquisition of Collateral Debt Securities or Eligible Investments if at that time the Issuer is permitted to acquire Collateral Debt Securities or Eligible Investments, in each case, subject to and in accordance with the terms of the Investment Board Agreement and the Collateral Management Agreement.

3. Payment Account

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts into the Payment Account:

- (a) on the Business Day prior to each Payment Date, from the Collection Accounts, all amounts standing to the credit thereof (other than (i) proceeds received after the end of the Due Period with respect to such Payment Date, and (ii) amounts that the Issuer is entitled to reinvest in accordance with the Transaction Documents, which may be retained in the Collection Accounts for subsequent reinvestment subject to and in accordance with the terms of the Investment Board Agreement and the Collateral Management Agreement);
- (b) on the Business Day prior to each Single Draw Note Payment Date, subject to the Coverage Tests being satisfied on the preceding Single Draw Note Determination Date, from the Interest Collection Account, an amount equal to the amount to be applied by the Issuer as referred to in Condition 3(b)(ii);
- (c) on the Business Day prior to each Single Draw Note Payment Date, subject to the Coverage Tests being satisfied on the preceding Single Draw Note Determination Date, from the Principal Collection Account, an amount equal to the amount to be applied by the Issuer as referred to in Condition 3(b)(vi); and
- (d) upon receipt thereof, any Liquidity Accrued Interest Drawing, Liquidity PIK Drawing or Liquidity Asset Purchase Drawing, as the case may be made available to the Issuer in accordance with the terms of the Liquidity Facility Agreement.

The Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts out of the Payment Account:

- (a) subject to the prior application of amounts standing to the credit of the Liquidity Downgrade Drawing Account subject to and in accordance with the terms of the Liquidity Facility Agreement, on each Payment Date, all amounts standing to the credit of the Payment Account, to be disbursed in accordance with the relevant Priorities of Payment;
- (b) on each Single Draw Note Payment Date, all amounts standing to the credit of the Payment Account, to be disbursed in accordance with Conditions 3(b)(ii) and 3(b)(vi);
- (c) at any time, any interest received in respect of amounts standing to the credit of the Payment Account, to the Interest Collection Account as Interest Proceeds;
- (d) on each day on which a Collateral Debt Security is to be acquired with the proceeds of a Liquidity Asset Purchase Drawing, the amount of such Liquidity Asset Purchase Drawing; and
- (e) if necessary, the amount of the Liquidity Downgrade Drawing,

and will ensure that no other amount is paid out of the Payment Account.

4. Expense Account

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts into the Expense Account:

- (a) on the Closing Date, an amount equal to €1,200,000 (which amount shall be deducted from the gross issue proceeds of the Notes); and
- (b) on each Payment Date other than the Final Payment Date, the amount of Interest Proceeds required pursuant to paragraph (R) of Condition 3(b)(i),
and, to the extent that such amounts under (a) and (b) above are not paid out of Interest Proceeds, the amount of Principal Proceeds required to pay such amounts in full.

The Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts out of the Expense Account:

- (a) at any time, to pay any costs and expenses related to the issuance of the Notes and any other costs and expenses payable, and not otherwise paid, by the Issuer on or about the Closing Date in respect of the entry into of the Transaction Documents;
- (b) at any time, to pay any Administrative Expenses;
- (c) at any time, any interest received in respect of amounts standing to the credit of the Expense Account, to the Interest Collection Account as Interest Proceeds;
- (d) at any time, any amount to be applied by the Issuer in the acquisition of Eligible Investments; and
- (e) on the Business Day prior to the Final Payment Date, all amounts standing to the credit of the Expense Account (other than any amounts of interest in respect of amounts standing to the credit of the Expense Account), to the Principal Collection Account as Principal Proceeds,

and shall ensure that no other amount is paid out of the Expense Account.

5. Initial Proceeds Account

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer into the Initial Proceeds Account immediately upon receipt thereof by the Issuer of the net proceeds of the issuance of the Notes and any Funding in respect of the Class A1 Delayed Draw Notes and the Class A1 Single Draw Notes, to the extent such proceeds have not been (A) invested in Collateral Debt Securities and/or Eligible Investments, or (B) used to make payments otherwise due by the Issuer pursuant to any of the Transaction Documents.

In the case of Further Notes being issued prior to the Reinvestment Period, the Collateral Administrator, on behalf of the Issuer, will procure the payment of all net proceeds of such issuance into the Principal Collection Account for investment into Eligible Investments, to the extent that such proceeds have not been invested in Collateral Debt Securities.

The Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts out of the Initial Proceeds Account:

- (a) at any time during the Reinvestment Period, to acquire Collateral Debt Securities subject to and in accordance with the terms of the Investment Board Agreement and the Collateral Management Agreement;
- (b) in the event of the occurrence of any of the events described in paragraphs (I), (L), (O) and (P) of the Interest Proceeds Priority of Payments, on the Business Day prior to the Payment Date immediately following such event, such amount as is required by paragraphs (I), (L), (O) and (P) of the Interest Proceeds Priority of Payments, to the Payment Account for disbursement on that Payment Date in accordance with the relevant Priorities of Payment;
- (c) at any time, any interest received in respect of amounts standing to the credit of the Initial

Proceeds Account, to the Interest Collection Account as Interest Proceeds;

- (d) at any time, any amount to be applied by the Issuer in the acquisition of Eligible Investments; and
- (e) on the Business Day prior to the end of the Reinvestment Period, all amounts standing to the credit of the Initial Proceeds Account (other than any amounts of interest in respect of amounts standing to the credit of the Initial Proceeds Account), to the Principal Collection Account as Principal Proceeds,

and will ensure that no other amount is paid out of the Initial Proceeds Account.

6. Subordinated Collateral Management Fee Account

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, shall procure the payment or transfer of all amounts referred to in item (Q) of the Interest Proceeds Priority of Payments into the Subordinated Collateral Management Fee Account immediately upon receipt thereof.

The Collateral Administrator, on behalf of the Issuer, shall procure the payment or transfer of the following amounts out of the Subordinated Collateral Management Fee Account:

- (a) at any time, any amount to be applied by the Issuer in the acquisition of Eligible Investments; and
- (b) on the Business Day prior to the Final Payment Date, all amounts standing to the credit of the Subordinated Collateral Management Fee Account, to the Principal Collection Account as Principal Proceeds,

and shall ensure that no other amount is paid out of the Subordinated Collateral Management Fee Account.

7. Liquidity Downgrade Drawing Account

Subject to the provisions of the Collateral Administration Agreement, The Collateral Administrator, on behalf of the Issuer, shall procure the payment or transfer of the Liquidity Downgrade Drawing together with any interest accrued thereon from the Payment Account into the Liquidity Downgrade Drawing Account subject to and in accordance with the terms of the Liquidity Facility Agreement.

The Collateral Administrator, on behalf of the Issuer, shall, for as long as the Liquidity Downgrade Drawing has not been repaid in full to the Liquidity Facility Provider, procure the payment or transfer of the following amounts out of the Liquidity Downgrade Drawing Account:

- (a) at any time, an amount equal to each Liquidity Accrued Interest Drawing, Liquidity PIK Drawing or Liquidity Asset Purchase Drawing to be made available under the Liquidity Facility Agreement, to the Payment Account;
- (b) on each Payment Date, the interest accrued on the balance of the Liquidity Downgrade Drawing Account and credited thereto, to the Liquidity Facility Provider; and
- (c) upon the Liquidity Downgrade Loan becoming repayable in full to the Liquidity Facility Provider, the Liquidity Downgrade Loan together with the interest accrued and paid thereon, to the Liquidity Facility Provider,

and shall ensure that no other amount is paid out of the Liquidity Downgrade Drawing Account.

DESCRIPTION OF THE LIQUIDITY FACILITY AGREEMENT

Pursuant to the terms of the Liquidity Facility Agreement to be entered into on the Closing Date, the Liquidity Facility Provider will agree to make available to the Issuer during the Availability Period a committed liquidity facility in an aggregate principal amount not exceeding the amount of the Commitment to enable the Issuer to meet its obligations accordance with the relevant Priorities of Payment and in particular in respect of (a) Issuer Senior Expenses; and (b) the acquisition of Collateral Debt Securities, in each case, as more fully described below.

If the Collateral Administrator determines that there will be any Shortfall, the Collateral Administrator, on behalf of the Issuer, shall or may (as applicable) request the Liquidity Facility Provider to advance the relevant Liquidity Drawing.

If the Collateral Administrator determines that there will be an Accrued Interest Unpaid Amount, the Collateral Administrator, on behalf of the Issuer, shall request the Liquidity Facility Provider to advance a Liquidity Accrued Interest Drawing to the Issuer in an amount equal to such Accrued Interest Unpaid Amount for the purpose of putting the Issuer in funds to meet its obligations in respect of the Notes.

If the Collateral Administrator determines that there will be a PIK Shortfall, the Collateral Administrator, on behalf of the Issuer, shall request the Liquidity Facility Provider to advance a Liquidity PIK Drawing to the Issuer in an amount equal to such PIK Shortfall for the purpose of putting the Issuer in funds to meet its obligations in respect of the Issuer Senior Expenses, provided that no Liquidity PIK Drawing shall be made with respect to any Defaulted Security or any Deferred Interest PIK Security.

If the Collateral Administrator determines that there will be a Purchase Shortfall, the Collateral Administrator, on behalf of the Issuer, may request the Liquidity Facility Provider to advance a Liquidity Asset Purchase Drawing to the Issuer in an amount equal to such Purchase Shortfall for the purpose of putting the Issuer in funds to meet, in part, its obligation to acquire the relevant Collateral Debt Security.

In each such case, no Liquidity Drawing may be made if and to the extent that as a result thereof the lower of the Liquidity Drawing Base or the Commitment would be exceeded.

Interest will accrue on the Liquidity Loan in respect of each Liquidity Interest Period from (and including) the day on which the first Liquidity Accrued Interest Drawing, Liquidity PIK Drawing or Liquidity Asset Purchase Drawing, as the case may be, is made and shall be payable in arrear on each Payment Date whilst the Liquidity Loan is outstanding at a rate equal to the aggregate of EURIBOR in respect of that Liquidity Interest Period and a rate per annum equal to the Class A1 Margin (while the Class A1 Notes are Outstanding), the Class A2 Margin (if none of the Class A1 Notes is Outstanding) or the Class B Margin (if none of the Class A1 Notes and the Class A2 Notes is Outstanding). In addition, the Issuer shall pay to the Liquidity Facility Provider a fee (the "**Liquidity Facility Fee**") which shall accrue from day to day at the rate of 0.15 per cent. per annum on an amount equal to the daily undrawn and uncanceled amount of the Commitment plus any Liquidity Downgrade Loan, during the period from (and including) the Closing Date to (but excluding) the last day of the Availability Period.

The Liquidity Loan will be repaid on each Payment Date to the extent funds are available for such purpose in accordance with the relevant Priorities of Payment.

If the Liquidity Facility Provider does not at any time during the Availability Period have the Required Ratings, the Liquidity Facility Provider will give notice to the Issuer, the Trustee, the Investment Board Provider, the Collateral Manager, the Collateral Administrator and the Rating Agencies and will either (a) ensure that an entity that does have the Required Ratings issues in favour of the Issuer a guarantee acceptable in form and substance to the Issuer and each Rating Agency; or (b) post collateral to the Issuer, in an amount and manner acceptable to each Rating Agency; or (c) at its own expense transfer its commitment to another entity that has the Required Ratings and, if the Liquidity Facility Provider does not act according to (a), (b) or (c) within 30 days of not having the Required Ratings, the Issuer will draw down any remaining undrawn amount under the Liquidity Facility Agreement and credit such amount to an interest-bearing "Liquidity Downgrade Drawing Account"

from which drawings may be made by the Issuer in the same circumstances as Liquidity Drawings can be made.

The Issuer shall pay to the Liquidity Facility Provider on each Payment Date as interest on the Liquidity Downgrade Loan, the amount of interest that has accrued in respect of the amount standing to the credit of the Liquidity Downgrade Drawing Account in respect of the previous Liquidity Interest Period and credited to the Liquidity Downgrade Drawing Account on such Payment Date.

Any Liquidity Downgrade Loan, together with the accrued interest in respect thereof, shall be repaid on the Payment Date on or following the earliest of: (a) the date the Liquidity Facility Provider is re-assigned the Required Ratings; (b) the date the Liquidity Facility Provider completes any of the actions specified in (a), (b) or (c) in the paragraph above; and (c) the date on which the Liquidity Loan is repaid in full provided that, in each case, the repayment of the Liquidity Downgrade Loan shall be paid directly from the Liquidity Downgrade Drawing Account.

Each of the following events will constitute a "**Liquidity Facility Event of Default**":

- (a) failure by the Issuer to make, when due, any payment to be made by it under the Liquidity Facility Agreement if such failure is not remedied on or before the second Business Day after written notice of such failure is given to the Issuer;
- (b) a material failure by the Issuer to comply with or perform any agreement or obligation (other than a payment obligation) to be complied with or performed by the Issuer in accordance with the Liquidity Facility Agreement or any other Transaction Document to which it is a party and such failure (if remediable) is not remedied on or before the fifth day after written notice of such failure is given to the Issuer;
- (c) a representation made or deemed to have been made by the Issuer in or pursuant to the Liquidity Facility Agreement or any other Transaction Document to which it is a party proves to have been materially incorrect or misleading in any material respect when made or deemed to have been made;
- (d) the Issuer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another Person and at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person fails to assume all the obligations of the Issuer under the Liquidity Facility Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the other parties to the Liquidity Facility Agreement;
- (e) (A) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (C) below, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business; or (B) the Issuer being unable to pay its debts as and when they fall due; or (C) an order being made or an effective resolution being passed for the winding up of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders; or (D) the Issuer being subject to bankruptcy (*faillite*), insolvency, its voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally; or (E) any event occurs which under any applicable laws has an analogous effect to any of the events referred to in paragraphs (A), (B), (C) or (D) above; and
- (f) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Liquidity Facility Agreement and such illegality continues for a period of 30 days after written notice of such illegality has been given to the Issuer.

If a Liquidity Facility Event of Default has occurred and is continuing, the Liquidity Facility Provider may, by notice in writing to the Issuer (i) cancel the Commitment; and/or (ii) declare that all or part of any amounts outstanding under the Liquidity Facility Agreement are immediately due and payable and/or payable on demand by the Liquidity Facility Provider.

The Liquidity Facility Agreement will be governed by the laws of the Federal Republic of Germany.

"Availability Period" means the period from, and including, the Closing Date to, but excluding, the date on which all of the Senior Notes have been redeemed in full, provided that, for purposes of Liquidity Accrued Interest Drawings, the Availability Period shall be the period from, and including, the Closing Date to, but including, the 11th Payment Date following the Closing Date;

"Collateral Accrued Interest" means, at any time, the aggregate amount of interest that has accrued but has not yet been paid in respect of the Collateral Debt Securities (other than Defaulted Securities and Deferred Interest PIK Securities) and Eligible Investments;

"Collateral PIK Interest" means, in respect of any Liquidity Interest Period, at any time, the aggregate of each amount then deferred or capitalised as additional principal in respect of any Collateral Debt Security (other than a Defaulted Security or a Deferred Interest PIK Security) in accordance with the terms thereof or the then principal amount of any securities that have been issued in respect of any such Collateral Debt Security in place of payments of cash in respect thereof;

"Commitment" means €6.5 million as may be reduced from time to time in accordance with the terms of the Liquidity Facility Agreement;

"Issuer Senior Expenses" means (a) in respect of a Determination Date, the aggregate of the amounts required to be paid by the Issuer on the next following Payment Date in respect of items (A) to (H) (inclusive) of the Interest Proceeds Priority of Payments, and (b) in respect of a Single Draw Note Determination Date, the amount of the accrued and unpaid interest on the Class A1 Single Draw Notes or the Funding relating thereto required to be paid by the Issuer on the next following Single Draw Note Payment Date;

"Liquidity Downgrade Loan" means the aggregate amount outstanding of a Liquidity Downgrade Drawing less the amounts of any other Liquidity Drawings funded from the Liquidity Downgrade Drawing Account being an amount equal to the amount standing to the credit of the Liquidity Downgrade Drawing Account;

"Liquidity Drawing Base" means in respect of any proposed Liquidity Drawing the sum of (i) the Collateral PIK Interest at that time, and (without double counting) (ii) the Collateral Accrued Interest at that time;

"Liquidity Facility" means the facility provided by the Liquidity Facility Provider to the Issuer under the Liquidity Facility Agreement;

"Liquidity Interest Period" means each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Liquidity Interest Period shall be the period from (and including) the date on which the first Liquidity Drawing is made available to the Issuer in accordance with the Liquidity Facility Agreement and the last Liquidity Interest Period shall end on (but exclude) the day on which the Liquidity Loan and all other amounts owing to the Liquidity Facility Provider under the Liquidity Facility Agreement are repaid in full;

"Liquidity Loan" means the aggregate principal amount of all Liquidity Drawings for the time being advanced and outstanding under the Liquidity Facility;

"PIK Shortfall" means, in respect of a Determination Date or a Single Draw Note Determination Date, the lower of (A) the amount of interest which, in accordance with the terms of the relevant Underlying Instrument that is not a Deferred Interest PIK Security or a Defaulted Security, has accrued but has been deferred and capitalised in accordance with the terms thereof, and (B) the excess, if any, of (x) the Issuer Senior Expenses over (y) the amount standing to the credit of the Interest Collection Account;

"Purchase Shortfall" means the amount of interest that, in accordance with the terms of the relevant Underlying Instrument, has accrued but has not been paid on any Collateral Debt Security which the Investment Board (acting on behalf of the Issuer and based on the advice of the Collateral Manager) has committed to acquire on behalf of the Issuer;

"Shortfall" means any of an Accrued Interest Unpaid Amount, a PIK Shortfall and/or a Purchase Shortfall, as the case may be.

DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER AND THE HEDGE COUNTERPARTY

Canadian Imperial Bank of Commerce, London Branch acts as the Liquidity Facility Provider and the Hedge Counterparty.

Introduction

Canadian Imperial Bank of Commerce ("**CIBC**") is a diversified financial institution governed by the *Bank Act* (Canada). CIBC's registered head office is at Commerce Court, Toronto, Ontario M5L 1A2.

CIBC was formed through the amalgamation of The Canadian Bank of Commerce and Imperial Bank of Canada in 1961. The Canadian Bank of Commerce was originally incorporated as Bank of Canada by special act of the legislature of the Province of Canada in 1858. Subsequently, the charter was amended to change the name to The Canadian Bank of Commerce and it opened for business under that name in 1867. Imperial Bank of Canada was incorporated in 1875 by special act of the Parliament of Canada and commenced operations in that year.

As extracted from its latest unaudited interim consolidated financial statements, as at April 30, 2005 CIBC had total assets of C\$287.7 billion, total deposits of C\$196.5 billion and common shareholders' equity of C\$10.5 billion.

Business

CIBC is organized into various business lines. Areas of specialisation include investment and corporate banking; mergers and acquisitions; research; sales and trading of securities and derivatives; merchant banking; and commercial banking.

In Canada, CIBC's business and operations are subject to a variety of regulations. Outside Canada, CIBC's branches, agencies and affiliates are also subject to local regulatory requirements.

Current Ratings

As at the date of this Prospectus, the short-term unsecured debt of CIBC has been assigned a rating of A-1 (outlook negative) by Standard and Poor's and F1+ (outlook stable) by Fitch Ratings Ltd.

The information under "Description of the Liquidity Facility Provider and the Hedge Counterparty" has been provided by CIBC, and neither the Issuer nor any other party assumes any responsibility for its contents.

THE COLLATERAL MANAGEMENT AGREEMENT (ANNEX D TO THE CONDITIONS)

The following is the text of the Collateral Management Agreement (excluding its Exhibit) dated 6 October 2005, between the Issuer and the Collateral Manager. The Collateral Management Agreement is attached as Annex D to the Conditions and constitutes an integral part thereof. In the case of any overlap or inconsistency in the definition of a term or expression in the Collateral Management Agreement and elsewhere in this Prospectus, the definition in the Collateral Management Agreement will prevail.

1. INTERPRETATION

In this Agreement, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined and expressed to be construed in the master interpretation and construction schedule, as amended from time to time, (the "**Master Interpretation and Construction Schedule**") signed on or about the Closing Date by, *inter alios*, the parties hereto shall have the same meaning and construction *mutatis mutandis* herein and Clause 2 of the Master Interpretation and Construction Schedule shall apply *mutatis mutandis* to this Agreement, *provided that* in the case of any overlap or inconsistency in the definition of a term or expression in this Agreement and in the Master Interpretation and Construction Schedule, the definition in this Agreement will prevail.

2. OBLIGATIONS OF THE COLLATERAL MANAGER

2.1 *Appointment of the Collateral Manager*

The Issuer hereby appoints Collineo Asset Management GmbH as the Collateral Manager hereunder. The Collateral Manager shall render collateral management advice to the Issuer (through the Investment Board) regarding the purchase and sale of Collateral Debt Securities and Eligible Investments, hedging arrangements and ancillary services in accordance with the portfolio provisions attached as Exhibit A hereto (the "**Portfolio Provisions**") and the other terms of this Agreement in the ordinary course of its business.

2.2 *Regular Collateral Management Services*

The Collateral Manager shall, in particular:

- (i) observe the market and gather information it considers relevant for potential investments to be made by the Issuer and evaluate opportunities for such investments;
- (ii) prepare proposals with respect to the acquisition, sale or liquidation of Collateral Debt Securities and Eligible Investments in accordance with the Portfolio Provisions, including rendering advice on whether a Collateral Debt Security has become a Defaulted Security, a Credit Risk Security, a Deferred Interest PIK Security or a Credit Improved Security, as the case may be, and on the disposal of any such Collateral Debt Security. A proposal for the acquisition of Collateral Debt Securities shall specify whether, if a Purchase Shortfall arises as a result of such acquisition, such Purchase Shortfall should be covered by Principal Proceeds, Uninvested Proceeds or a Liquidity Asset Purchase Drawing;
- (iii) give notice of proposals pursuant to sub-paragraph (ii) above to the Collateral Administrator for the purpose of performing a review of such proposals and preparing a compliance certificate in accordance with the provisions of the Collateral Administration Agreement;
- (iv) submit such proposals together with the related certificate of the Collateral Administrator and with a credit risk analysis documentation to the Investment Board in a timely manner (based on the time required to duly evaluate and decide upon the relevant proposal);

- (v) in the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals made by the Collateral Manager, forward (in each case either by fax, telephone or otherwise) the relevant purchase or sale orders that have been executed by the Investment Board (on behalf of the Issuer) to the relevant counterparty of such purchase or sale and, upon receipt of any acceptance to such order by the relevant counterparty, forward (in each case either by fax, telephone or otherwise) such executed purchase or sale order and such acceptance to the Collateral Administrator;
- (vi) if relevant, provide for relevant notifications at any time on or prior to the third Business Day preceding the agreed settlement date for the trade to the Collateral Administrator regarding trades to be funded by a drawing under the Liquidity Facility Agreement; and
- (vii) make any other proposals to the Investment Board as set forth in the Transaction Documents.

2.3 Early Redemption of the Notes

Upon receipt by the Collateral Manager of a notice from the Trustee indicating that the Notes shall be redeemed in accordance with Conditions 6(e), 6(f), 6(g) or 6(h), the Collateral Manager shall:

- (i) make proposals to the Investment Board for the realisation of the Mortgaged Property (including but not limited to the sale or liquidation of the Collateral Debt Securities, Eligible Investments and termination of the Hedge Agreement and any Collateral Interest Rate Swaps thereunder) and, other than with respect to a redemption pursuant to Condition 6(f), in compliance with the requirements of Condition 6(j);
- (ii) other than with respect to redemption pursuant to Condition 6(f), use reasonable efforts to furnish to the Trustee not later than the 4th Business Day prior to the scheduled Redemption Date evidence (which may be in the form of fax or electronic mail indicating firm bids satisfactory to the Trustee) that the Investment Board on behalf of the Issuer has entered into a binding agreement or agreements which satisfy the requirements of Condition 6(j) and provide any other information reasonably requested by the Trustee in connection therewith.

2.4 Redemption of the Notes at Stated Maturity

In the event of a redemption of the Notes at their Stated Maturity pursuant to Condition 6(a), the Collateral Manager shall use reasonable efforts to make proposals to the Investment Board for the sale and liquidation of the Mortgaged Property such that the settlement dates and proceeds thereof are in immediately available funds not later than one Business Day prior to the date of the Stated Maturity.

2.5 Funding Requests; Notification of Ramp-Up Effective Date and Delayed Draw Notes Final Funding Date

The Collateral Manager shall render advice to the Investment Board in connection with any Funding Request with respect to the Class A1 Delayed Draw Notes and/or the Class A1 Single Draw Notes, as the case may be, and make relevant proposals in accordance with the terms of Class A1 Notes Purchase Agreement. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward such approval (in each case either by fax, telephone or otherwise) to the Collateral Administrator.

Promptly upon the occurrence of the Ramp-Up Effective Date and the Delayed Draw Notes Final Funding Date, the Collateral Manager shall give notice thereof to the Class A1 Single Draw Noteholder and the Class A1 Delayed Draw Noteholder, respectively.

2.6 Suspension of Reinvestment

The Collateral Manager shall make proposals to the Investment Board (acting on behalf of the Issuer) with regard to imposing and lifting the suspension of the Reinvestment Period in accordance with Provision 5 of the Portfolio Provisions. In the event that the Reinvestment Period is suspended, the Collateral Manager shall promptly notify the Trustee of such event, provided that the Collateral Manager shall arrange for the implementation and the settlement of any trade resulting from a

commitment by the Investment Board, acting on behalf of the Issuer, to acquire Collateral Debt Securities, which had arisen before the suspension of the Reinvestment Period.

2.7 Notification upon Non-Acquisition

Upon the disposal of any Collateral Debt Security permitted to be disposed of under Provision 2 of the Portfolio Provisions, if the subsequent acquisition described thereunder does not take place within the specified time frame, the Collateral Manager shall promptly notify the Issuer, the Collateral Administrator and the Trustee of such event.

2.8 Hedge Agreement and Collateral Interest Rate Swaps

The Collateral Manager shall render advice to the Investment Board in respect of relevant hedging strategies in relation to the Portfolio and make proposals regarding the Hedge Agreement and any Collateral Interest Rate Swap in accordance with Provision 8 of the Portfolio Provisions. The Collateral Manager shall also request the relevant Rating Agency Confirmation in accordance with Provision 8 of the Portfolio Provisions. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward (in each case either by fax, telephone or otherwise) such approval to the relevant person or entity.

2.9 Noteholder Action

Upon the receipt of the relevant information from the Custodian, the Collateral Manager shall prepare proposals for the Investment Board regarding any declarations to be made and other actions to be taken by the Issuer in its capacity as holder of the Collateral Debt Securities and Eligible Investments. In particular, the Collateral Manager shall make proposals regarding the exercise of noteholders' voting and similar rights and other remedies under any of the Collateral Debt Securities and Eligible Investments. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward (in each case either by fax, telephone or otherwise) such approval to the relevant person or entity.

2.10 Conversion or Exchange of Collateral Debt Securities and Eligible Investments

In the event that a Collateral Debt Security or an Eligible Investment may be converted or exchanged, by its issuer or a third party, at the option of the Issuer or pursuant to an offer made to the holders of such Collateral Debt Securities or Eligible Investments, as relevant, the Collateral Manager shall propose a course of action to the Investment Board, in particular with respect to the presentation and/or surrender of such Collateral Debt Security or Eligible Investment or any declarations to be made and other actions to be taken by the Issuer in connection therewith. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward (in each case either by fax, telephone or otherwise) such approval to the relevant person or entity.

2.11 Enforcement of Claims

In the event that the Collateral Manager is notified by the Collateral Administrator or the Custodian of an event of default occurring as a result of the non-payment of any claim of the Issuer with respect to any Collateral Debt Security or Eligible Investment or any Collateral Interest Rate Swap when due or any other event of default under any of the foregoing, and of the continuation of such non-payment or event of default following a reminder notice given by the Collateral Administrator, the Collateral Manager:

- (i) shall advise and make proposals to the Investment Board in relation to the enforcement or restructuring of such defaulted Collateral Debt Security or Eligible Investment and the termination of any related Collateral Interest Rate Swap or any collateral granted in respect thereto;
- (ii) may in its sole discretion propose to the Investment Board a non-German resident Person for

appointment by the Investment Board in order to effect the enforcement or restructuring of such defaulted Collateral Debt Security or Eligible Investment and the termination of any related Collateral Interest Rate Swap on behalf of the Issuer.

In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward (in each case either by fax, telephone or otherwise) such approval to the relevant person or entity.

2.12 *Provision of Information*

Upon reasonable request by (a) any Rating Agency in connection with its monitoring and annual surveillance obligations or (b) the Issuer, the Collateral Administrator, the Trustee or the Investment Board Provider in connection with the performance of their respective obligations under the Transaction Documents, the Collateral Manager shall further provide any information available to it to the relevant requesting party.

2.13 *Certain Determinations and Calculations*

The Collateral Manager shall (i) make determinations with respect to the Market Value as contemplated in the definition of Market Value in Condition 1 and (ii) calculate Principal Sales Proceeds.

2.14 *Other Services*

The Collateral Manager shall render advice and perform other services stipulated to be given or rendered by the Collateral Manager in the other Transaction Documents to the relevant recipient identified therein. In addition, upon request, the Collateral Manager shall assist the Issuer, the Trustee, the Collateral Administrator and the Investment Board in the performance of their respective obligations under the Transaction Documents.

2.15 *Proposals to the Issuer*

The Collateral Manager may submit any proposal hereunder directly to the Issuer in lieu of the Investment Board in the case that the Investment Board is inoperative.

3. GENERAL TERMS OF APPOINTMENT

3.1 *Standard of Care*

The Collateral Manager shall perform its obligations hereunder with the same standard of care that it exercises in connection with the management of a portfolio of securities comparable to the Collateral Debt Securities and the Eligible Investments for its own account or the provision of collateral management advice in respect of such a portfolio for others, and in a manner which it reasonably believes to be consistent with practices and procedures followed by institutional investment advisers of international standing relating to assets of the nature and character of the Collateral Debt Securities and the Eligible Investments, except as expressly provided otherwise in this Agreement or the other Transaction Documents. To the extent not inconsistent with the foregoing, the Collateral Manager may follow its customary standards, policies and procedures in performing its duties hereunder.

3.2 *Investment Objectives; Limitation of Responsibility*

In performing its duties hereunder, the Collateral Manager will seek to advise and make recommendations with a primary view of minimising risks of a reduction in value of the Collateral Debt Securities and Eligible Investments and also with a view of maximising the value of the Collateral Debt Securities and Eligible Investments for the benefit of the Issuer and the Noteholders, *provided that* the Collateral Manager shall only be responsible for such objectives not being achieved if it has wilfully (*vorsätzlich*) or grossly negligently breached its obligations hereunder. The Collateral

Manager shall not be responsible for any inability to select, acquire, sell or liquidate any Collateral Debt Securities or any Eligible Investments as a result of factors beyond its control, including the condition of certain financial markets, general economic conditions and international political events.

3.3 *Arm's Length Transactions*

All transactions shall be proposed hereunder on an arm's length basis for fair market value, and may be effected with the Issuer, the Trustee, the Investment Board Provider or a Person Affiliated with the foregoing or the Collateral Manager itself, but on terms as favourable to the Noteholders as could be obtained in a commercially reasonable manner from Persons other than the foregoing.

3.4 *Limitation of Duties*

The Collateral Manager shall have no obligation hereunder to perform any other duties other than those referred to or as specified herein or in any Transaction Document to which it is a party and those ancillary or implied by the foregoing whether or not so referred to or specified. In particular, the Collateral Manager shall not have any duty to take any discretionary action, except when making any proposals as contemplated hereunder or as otherwise expressly contemplated hereby and, except as expressly set forth herein or in any Transaction Document to which it is a party or as required by law or by any other Secured Party (other than a Noteholder), the Collateral Manager shall not have any duty to disclose any information relating to any issuer of any Collateral Debt Security, obligor of any Eligible Investment or any Affiliates of the foregoing.

3.5 *Reliance*

The Collateral Manager (i) shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing reasonably believed by it to be genuine and to have been signed or sent by the proper Person and (ii) may rely upon any statement made to it orally or by telephone and reasonably believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Manager may consult at its own costs with legal counsel (which may be counsel for the Issuer or an obligor of any Collateral Debt Securities or any Eligible Investment or any of its Affiliates), accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in respect of its obligations hereunder in good faith in accordance with the advice of any such counsel, accountants or experts.

3.6 *Agents*

The Collateral Manager may at its own cost delegate the performance of its obligations hereunder, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*, § 278 of the German Civil Code (*Bürgerliches Gesetzbuch*)). A more extensive delegation of its duties is not permitted. The Collateral Manager shall be liable for the careful selection of any such agent and shall not be responsible to supervise any such agent, *provided* that the Collateral Manager shall remain obliged to fulfil its duties hereunder notwithstanding any such delegation if and to the extent any such agent does not properly perform its duties. The exculpatory provisions of this Clause 3 shall apply to any such agent.

3.7 *Services Non-exclusive; Conflicts of Interest*

The services of the Collateral Manager to be rendered hereunder are non-exclusive. Nothing herein shall prevent the Collateral Manager or any of its Affiliates from engaging in any other businesses, as principal or in an advisory or other capacity with, or have any economic interests in or other relationship with, the Trustee, the Investment Board Provider, the Notes Placement Agent, the Collateral Administrator, the Noteholders, the Issuer, any issuer of any Collateral Debt Securities, obligor of any Eligible Investments or any Affiliates of the foregoing or any other Person. In particular, the Collateral Manager or its Affiliates may:

- (i) render services similar to the services to be rendered hereunder to any Person and may enter into transactions for their own account or for the account of others, or render any services in respect

- of investments which would qualify as Collateral Debt Securities or Eligible Investments;
- (ii) engage in negotiations leading to the restructuring of investments held for their own account or for the account of others which are also held by the Issuer, without any duty to act in any way which is favourable to the interests of the Issuer or the Noteholders unless the Issuer holds such investments with veto or a majority voting share;
 - (iii) acquire or provide advisory or other services in respect of investments that rank *pari passu*, senior or junior to an investment held by the Issuer, have any other economic interests in or other relationships with the relevant obligor, or serve as director, agent or in any other capacity of such obligor;
 - (iv) if so authorised by the Investment Board (acting on behalf of the Issuer) from time to time, sell Collateral Debt Securities to the Issuer or purchase Collateral Debt Securities from the Issuer as broker both for the Issuer and another account on the other side of the transaction advised by the Collateral Manager or any of its Affiliates.

Each of the foregoing may give rise to conflicts of interest or restrictions on transactions in the relevant investments by the Collateral Manager. In such instances, the Collateral Manager and its Affiliates may, so long as the Collateral Manager satisfies its duties and obligations to the Issuer (including its obligations towards the Investment Board acting on behalf of the Issuer) under this Agreement, in their discretion make investment recommendations, take decisions or otherwise act in a way that may be the same as or different from actions taken hereunder with respect to the Issuer's investments. The Collateral Manager may refrain from any action hereunder which, in the sole discretion of the Collateral Manager, would give rise to a conflict of interest.

3.8 *Actions in Relation to Collateral Debt Securities or Eligible Investments*

Subject to the conditions set forth in Clauses 3.1 and 3.12 hereof, nothing contained in this Agreement shall prevent the Collateral Manager or any of its Affiliates, acting either as principal or agent on behalf of others, from undertaking, or omitting to undertake, any action in relation to any Collateral Debt Security or Eligible Investment, the relevant obligor, or any obligation of or guaranteed by such obligor, which results in, or supports, the occurrence of an event of default in respect of any Collateral Debt Security or Eligible Investment, the relevant obligor, or any such obligation or guarantee or which otherwise may have an adverse effect on any of the foregoing, unless such event of default results from a wilful or grossly negligent act of the Collateral Manager.

3.9 *Material Non-public Information*

The Collateral Manager, in connection with its other business activities, may in its sole discretion acquire material non-public confidential information that may restrict it from purchasing or selling securities, rendering advisory services or otherwise using such information for its own benefit or the benefit of third parties. The Issuer acknowledges and agrees that the receipt of such information, including in connection with unrelated activities, could have an adverse effect on the ability of the Collateral Manager to render the services to be provided by it hereunder. The Collateral Manager may refrain from making any proposals in respect of entities in relation to which the Collateral Manager or its Affiliates have information which the Collateral Manager deems confidential, non-public, price sensitive or which otherwise might prohibit it from making a proposal in accordance with applicable laws including, without limitation, any insider dealing laws.

3.10 *Maintain Authorisations*

The Collateral Manager shall maintain in full force and effect all consents, permits or licences of any governmental or other authority that are material to its ability to perform its obligations hereunder and will use reasonable efforts to obtain any such consents, permits or licences that may become necessary therefor.

3.11 *Compliance with Laws*

The Collateral Manager shall comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations hereunder.

3.12 *Actions Materially Adversely Affecting the Issuer*

Unless otherwise specifically required herein or by applicable law, the Collateral Manager shall use commercially reasonable efforts not to take any action that it knows (i) is not permitted under the Issuer's constitutional documents or by the Transaction Documents, (ii) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Issuer the violation of which has or could reasonably be expected to have a material adverse effect on the Issuer, any Collateral Debt Security, any Eligible Investment or the Secured Parties, or (iii) would result in the Issuer violating the Conditions or the terms of any other Transaction Documents to which it is a party.

3.13 *Market Making*

Nothing herein shall prevent the Collateral Manager or any of its Affiliates, subject to Clauses 3.7 and 6.3 hereof, from underwriting, acting as distributor or making a market in any Collateral Debt Security or making a market in the Notes.

3.14 *German Investment Tax Act*

For the purpose of meeting the requirements of the German Investment Tax Act (*Investmentsteuergesetz*; "ITA") for a fully transparent investment fund, the Collateral Manager may, if and to the extent reasonably requested by a Noteholder resident in Germany, (i) make any disclosure regarding the Collateral Debt Securities and Eligible Investments in order to comply with the aforementioned requirements of the ITA, (ii) advise the Issuer on the appointment of a suitable person as defined in Sec. 5 (1) no. 3 of the ITA in order to certify compliance with the relevant provisions of the ITA, and (iii) arrange for any publication required in respect thereto. Any such Noteholder request shall be made not later than 3 months prior to any Payment Date or, in the case of any Class A1 Single Draw Noteholder, prior to any Single Draw Note Payment Date and shall only relate to such disclosure and certification pursuant to the ITA for the immediately following Payment Date or Single Draw Note Payment Date, as the case may be.

4. FEES AND EXPENSES

4.1 On each Payment Date, the Issuer shall pay to the Collateral Manager the Senior Collateral Manager Fee as determined by the Collateral Administrator in accordance with Condition 3(d).

4.2 The Issuer shall pay to the Collateral Manager on the Final Payment Date a fee, if and to the extent funds are available therefor in the Subordinated Collateral Management Fee Account, in an amount equal to the amount available for distribution and payable under paragraph (N) of the Post-Reinvestment Period Principal Proceeds Priority of Payments on that Payment Date (the "**Subordinated Collateral Manager Fee**").

4.3 The Collateral Manager shall be responsible for all ordinary expenses incurred in the performance of its obligations under this Agreement. The Issuer shall reimburse any Administrative Expenses reasonably incurred by the Collateral Manager in the proper performance of its obligations hereunder, including any cost of retaining external legal counsel or other advisers and third party costs in connection with actions taken pursuant to Clauses 2.9 – 2.12 and Clause 3.14 (including any costs in connection with the appointment of a suitable person pursuant to Clause 3.14(ii) and the costs of publication pursuant to Clause 3.14(iii)).

4.4 All payments under this Agreement to the Collateral Manager will be made without set-off,

deduction or counterclaim for any amount including any amount on account of income or other taxes (including value-added taxes).

5. LIMITATION OF RESPONSIBILITY; INDEMNITY

5.1 The Collateral Manager shall be liable for its acts or omissions under or in connection with this Agreement or, with respect to any obligation of the Collateral Manager set forth in any Transaction Document to which it is a party only if and to the extent that such acts or omissions constitute a wilful or grossly negligent (*vorsätzliche oder grob fahrlässige*) breach of its obligations hereunder or under any Transaction Document to which it is a party. The Collateral Manager shall also be liable with respect to written information prepared by or on behalf of the Collateral Manager and approved in writing by the Collateral Manager for inclusion in the Prospectus and written information provided by the Collateral Manager to the Issuer or the Investment Board acting on behalf of the Issuer relating to the performance of the Collateral Manager or any accounts managed by it, as a result of such information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Collateral Manager shall not be liable for indirect damages (*mittelbare Schäden*) of any kind whatsoever (including, but not limited to, lost profits), unless the Collateral Manager has acted wilfully.

5.2 The Issuer shall indemnify the Collateral Manager and its Affiliates against any Losses in connection with the performance of the Collateral Manager's obligations under this Agreement as a result of any breach by the Issuer of its obligations hereunder, unless such Losses are incurred due to the reasons mentioned under Clause 5.1 above or constitute ordinary expenses of the Collateral Manager (Clause 4.3, first sentence). The obligations of the Issuer under this Clause 5.2 shall survive the termination of this Agreement.

5.3 The Collateral Manager shall indemnify the Issuer against any Losses incurred by the Issuer in connection with this Agreement and with respect to any obligation of the Collateral Manager set forth in any Transaction Document to which it is a party caused wilfully or by the gross negligence of the Collateral Manager or with respect to written information prepared by or on behalf of the Collateral Manager and delivered to the Investment Board Provider and as a result of such information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, unless such Losses are incurred due to any wilful breach or gross negligence of the Issuer. The obligations of the Collateral Manager under this Clause 5.3 shall survive the termination of this Agreement.

5.4 All indemnities set forth in this Clause 5 shall be payable in euro and in accordance with the Priorities of Payment.

6. REPRESENTATIONS AND UNDERTAKINGS

6.1 Representations of the Issuer

The Issuer represents to the Collateral Manager that, as of the date hereof:

- (a) The Issuer is duly incorporated and validly existing under the laws under which it is incorporated or, where such concept applies, the laws where its principal place of business is located, with the power to enter into this Agreement and to perform its obligations hereunder.
- (b) The execution, delivery and performance of this Agreement has been duly authorised by all necessary action on the Issuer's part and does not contravene its articles of incorporation, any agreement or instrument to which it is a party or by which it or any of its property is bound, or

any law, judgement or governmental rule, regulation or order applicable to it.

- (c) All governmental consents, permits and licences that are required to have been obtained by the Issuer with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents, permits or licences have been complied with.
- (d) This Agreement constitutes the legal, valid, binding and enforceable obligations of the Issuer, subject to limitations imposed by any applicable bankruptcy, insolvency, reorganisation, moratorium or similar law affecting creditors' rights generally and the qualifications set out in the legal opinions delivered in respect of this Agreement.
- (e) There is no pending or threatened action, proceeding, governmental investigation or arbitration affecting the Issuer or its properties before any court, governmental agency or arbitrator which would affect the legality, validity or enforceability of this Agreement against the Issuer or the Issuer's ability to perform its obligations hereunder.
- (f) The Prospectus as of the date thereof and as of the Closing Date does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading. The preceding sentence does not apply to information in the section entitled "The Collateral Manager" and any other information concerning or otherwise provided by the Collateral Manager contained in the Prospectus.

6.2 *Representations of the Collateral Manager*

The Collateral Manager represents to the Issuer that, as of the date hereof:

- (a) The Collateral Manager is duly incorporated and validly existing under the laws of Germany with the power to enter into this Agreement and to perform its obligations hereunder.
- (b) The execution, delivery and performance of this Agreement has been duly authorised by all necessary action on the Collateral Manager's part and does not contravene its constitutional documents, any agreement or instrument to which it is a party or by which it or any of its property is bound, or any law, judgement or governmental rule, regulation or order applicable to it.
- (c) The Collateral Manager complies in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations hereunder.
- (d) All governmental consents, permits and licences that are required to have been obtained by the Collateral Manager with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents, permits or licences have been complied with.
- (e) This Agreement constitutes its legal, valid, binding and enforceable obligations, subject to limitations imposed by any applicable bankruptcy, insolvency, reorganisation, moratorium or similar law affecting creditors' rights generally and the qualifications set out in the legal opinions delivered in respect of this Agreement.
- (f) There is no pending or threatened action, proceeding, governmental investigation or arbitration affecting the Collateral Manager or its properties before any court, governmental agency or arbitrator which would affect the legality, validity or enforceability of this Agreement against the Collateral Manager or the Collateral Manager's ability to perform its obligations hereunder.
- (g) All written information provided by the Collateral Manager on or prior to the date hereof to the Issuer or the Rating Agencies in connection with this Agreement or any Transaction Document to which it is a party is, as of the date of the information, true, accurate and complete in every material respect. The section entitled "The Collateral Manager" and any other information concerning the Collateral Manager contained in the Prospectus as of the date thereof and as of the Closing Date does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6.3 *Undertakings of the Collateral Manager*

The Collateral Manager undertakes:

- (a) to comply with the Portfolio Provisions when making proposals to the Investment Board (acting on behalf of the Issuer) with respect to the acquisition, sale or liquidation of Collateral Debt Securities or Eligible Investments; and
- (b) only to act as a messenger (*Bote*) of the Issuer and not to hold itself out as being a representative or as having a power of attorney (*Vollmacht*) of the Issuer and not to act in the name of the Issuer. For the avoidance of doubt, any action that may be required or contemplated hereunder, under any other Transaction Document or by applicable law shall not be a breach of this undertaking; and
- (c) that it will take the initiative with respect to the purchase and sale of the Collateral Debt Securities and Eligible Investments vis-à-vis the Issuer and that it will solicit offers regarding each purchase and sale of Collateral Debt Securities and Eligible Investments in its own name.

7. TERMINATION

7.1 *Termination without Cause*

This Agreement may be terminated without cause only by the Collateral Manager by giving at least 60 days' prior written notice thereof to the respective other party with a copy to the Rating Agencies and the Trustee. In such event the Issuer shall pay to the Collateral Manager the fair value of all amounts then due and payable as of the date the termination becomes effective in respect of any accrued but unpaid Senior Collateral Management Fee owed to the Collateral Manager hereunder on the next following Payment Date, which amount shall be determined by the Collateral Administrator in accordance with Condition 3(e) and agreed by or on behalf of the Issuer.

7.2 *Termination for Cause*

The Issuer may, and (A) in the case of any of the events set forth under (i) to (v) below, if so directed by an Extraordinary Resolution of the Controlling Class and (B) in the case of an event set forth under (vi) below, upon the written direction of the holders of a Majority of the Notes, shall, terminate this Agreement for cause by giving written notice to the Collateral Manager upon the occurrence of any of the following events:

- (i) a breach by the Collateral Manager of any of its obligations hereunder or of its obligations under any Transaction Document to which it is a party (aa) which is materially prejudicial to the interest of the Noteholders, as determined by the Trustee, and such breach remains uncured for 10 days after written notice thereof is given by the Trustee or (bb) such breach is made wilfully or is grossly negligent;
- (ii) the Collateral Manager is unable to pay its debts as they fall due (*zahlungsunfähig*) or is overindebted (*überschuldet*), becomes subject to insolvency proceedings, a motion to institute such proceedings is filed and not discharged within 90 days, or such proceedings are not instituted for lack of assets;
- (iii) any representation made or deemed to have been made by the Collateral Manager hereunder or under any Transaction Document to which it is a party proves to have been materially incorrect or materially misleading when made;
- (iv) the Collateral Manager is no longer legally authorised to carry out its duties hereunder or its duties under any Transaction Document to which it is a party;
- (v) an action by the Collateral Manager or any Senior Manager in connection with the Collateral Manager's business or the management of the assets of the Issuer which constitutes fraud or criminal activity;

- (vi) the Senior Manager is no longer employed by the Collateral Manager or an Affiliate and such non-compliance is not remedied within 10 Business Days after having received written notice thereof;

provided that in any of the events set out under (ii), (iii), (iv) and (vi) of this Clause 7.2 the relevant termination shall only become effective upon at least 10 Business Days' prior written notice by the Issuer to the Collateral Manager.

In case an event set out in (vi) occurs, the Collateral Manager shall promptly give notice thereof to the Issuer, the Notes Placement Agent and to the Trustee.

The "**Senior Manager**" shall mean the senior manager presently employed by the Collateral Manager and who is identified in the Prospectus in the section headed "The Collateral Manager" as the senior manager.

7.3 *Notices*

Copies of any termination notice hereunder shall be delivered to the Trustee, the Collateral Administrator, the Investment Board Provider, the Agents, the Notes Placement Agent, the Liquidity Facility Provider and the Rating Agencies.

7.4 *Effectiveness of Termination*

Any termination of this Agreement (other than a termination pursuant to Clause 7.7 below) shall only become effective on the day a replacement collateral manager is appointed in accordance with Clause 7.5.

7.5 *Appointment of Replacement Collateral Manager*

A replacement collateral manager may not be appointed by the Issuer unless (i) it has agreed in writing to assume all of the Collateral Manager's duties and obligations under this Agreement and the other Transaction Documents, (ii) the Trustee, subject to the written consent of the holders of a Majority of the Notes, has given its prior written consent to such replacement, (iii) Rating Agency Confirmation has been provided to the Trustee in respect of any such appointment and (iv) such replacement collateral manager is an Eligible Successor. The Collateral Manager shall take such action, including the entry into any relevant documentation, consistent with this Agreement and reasonably required by the Trustee as shall be necessary to effect any such replacement.

"**Eligible Successor**" means an institution that (i) has an ability professionally and competently to perform duties similar to those imposed upon the Collateral Manager, under the Collateral Management Agreement, as determined by the Trustee, (ii) is legally qualified and has the capacity to act as successor to the Collateral Manager, and (iii) will perform its duties as Collateral Manager under the Collateral Management Agreement and the other Transaction Documents without causing the Issuer to become subject to tax in any jurisdiction where such successor is incorporated, established, doing business, has a permanent establishment or is otherwise considered tax resident.

7.6 *Mandatory Law*

Nothing herein shall prejudice any right to terminate this Agreement for good cause (*aus wichtigem Grund*) as a matter of mandatory law. In the event that the Collateral Manager exercises such a termination right hereunder, (i) the Collateral Manager shall use its best efforts to find a replacement Collateral Manager to be appointed in accordance with Clause 7.5 and (ii) the Issuer shall pay to the Collateral Manager an amount determined pursuant to Clause 7.1.

7.7 *Automatic Termination*

This Agreement shall terminate automatically upon the earlier to occur of:

- (i) the payment and redemption in full of the Notes; and
- (ii) the liquidation of the Mortgaged Property and the final distribution of the proceeds of such

liquidation as provided in the Conditions.

Any such termination shall be without prejudice to any accrued rights, remedies or liabilities at the time of such termination.

8. LIMITED RECOURSE AND NON-PETITION

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and the other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, prove ultimately insufficient to satisfy the claims of the Collateral Manager in full, then any shortfall arising shall be extinguished and the Collateral Manager shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination rights, set-off rights and rights of retention of the Collateral Manager. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Collateral Manager, and neither assets nor proceeds will be so available thereafter.

The Collateral Manager shall not take steps against the Issuer to recover any sum so unpaid and, in particular, the Collateral Manager shall not petition for bankruptcy of the Issuer or request the opening of any other collective or reorganisation proceedings against the Issuer or take any other step or action for the winding up (*dissolution*), examinership, liquidation (*liquidation*) or dissolution of the Issuer nor for the appointment of a liquidator (*liquidateur*), examiner, administrator (*commissaire*), receiver (*curateur*) or other person in respect of the Issuer or its assets until after the expiry of any applicable preference period as provided for in the applicable bankruptcy laws following the payment of all amounts payable under the Conditions of the Notes.

9. COMMUNICATIONS

All communications hereunder shall be made in English by e-mail, mail or by fax, *provided that* notices regarding the termination of this Agreement given by e-mail or fax shall be confirmed by mail. Subject to written notification of any change of address, all communications hereunder shall be directed to the addresses set out in Exhibit A to the Master Interpretation and Construction Schedule.

10. AMENDMENTS; ASSIGNMENT; NOTICE OF PLEDGE; TRUSTEE

10.1 This Agreement (including this Clause 10.1) may only be amended by agreement of all parties hereto in writing. The parties hereto shall only agree to any amendment hereto subject to the prior written consent of the Trustee, the prior written consent of the holders of a Majority of the Notes and prior written notice to the Rating Agencies.

10.2 Neither party may assign all or a portion of its rights or obligations hereunder except as permitted herein or in the other Transaction Documents.

10.3 The Issuer hereby gives notice to all other parties hereto that it has pursuant to the Trust

Agreement pledged to the Trustee all its present and future, actual and contingent claims and rights arising hereunder as a security for the Trustee Claim as defined in the Trust Agreement. Each other party hereby acknowledges the receipt of the above notice of, and agrees to, such pledge and confirms that it has knowledge of the provisions of the Trust Agreement relating thereto. Each such other party hereby waives any pledge or other security interest (whether pursuant to its standard terms and conditions or otherwise) relating to the claims being the subject of the pledge, and confirms that it is not aware of any rights of third parties in respect of such claims.

10.4 The Collateral Manager, at its discretion and in writing, may waive compliance with the whole or any part of Clause 6.1 hereof.

10.5 Save as expressly provided herein the Trustee shall assume no obligations whatsoever by virtue of the provisions of this Agreement or of its being a party to it. The exercise of any of the Trustee's rights or discretions hereunder will be subject to the same protections and immunities as are conferred upon the Trustee and contained in the Trust Agreement.

11. MISCELLANEOUS

11.1 If any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which, taking into consideration the purpose and intent of this Agreement, have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply *mutatis mutandis* with regard to any contractual gaps (*Vertragslücken*) in this Agreement.

11.2 Each party to this Agreement undertakes *vis-à-vis* the respective other party to take all actions that become necessary pursuant to Clause 11.1 or for other reasons to implement this Agreement.

11.3 The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the Securitisation Act 2004).

12. GOVERNING LAW AND JURISDICTION

12.1 This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

12.2 The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each party hereby submits to the jurisdiction of such court.

12.3 Each of the Issuer and the Trustee has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in Germany and deliver to the other party a copy of the new agent's acceptance of appointment within 30 days. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

13. CONDITION PRECEDENT

This Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the aggregate net subscription money for the Notes (except for the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) will be paid pursuant to the Notes Placement Agreement.

14. COUNTERPARTS

This Agreement may be executed in one or more counterparts. Each counterpart, whether the original signed document or a copy of such signed document evidenced by facsimile or other electronic means, shall constitute an original, but all such counterparts taken together shall constitute one and the same agreement.

THE COLLATERAL MANAGER

Collineo Asset Management GmbH

Collineo Asset Management GmbH ("**Collineo**") is a financial service company for institutional clients in Germany and abroad. The core business of Collineo is advisory service for innovative capital market products, in particular in the field of syndication, securitisation and risk trading.

Collineo was founded in December 2004 and has its offices at Florianstrasse 1, D-44139, Dortmund, Germany. The managing director (*Geschäftsführer*) of Collineo is Dirk Bergander. Collineo has obtained a license for the operation of the business of portfolio management (*Finanzportfolioverwaltung*), investment advice (*Anlageberatung*) and contract broking (*Abschlussvermittlung*) from its German supervisory authority Bundesanstalt für Finanzdienstleistungsaufsicht in May 2005 and has commenced its business in June 2005. Collineo will act in its capacity as Collateral Manager under the Collateral Management Agreement.

Until 24 August 2005 Collineo was a wholly-owned subsidiary of Hypo Real Estate Bank AG, Munich, a subsidiary of Hypo Real Estate Holding AG which is listed on the German stock exchange since October 2003. Pursuant to an agreement dated 24 August 2005, Hypo Real Estate Bank AG transferred all its shares in Collineo to Hypo Real Estate Bank International, which is also a subsidiary of Hypo Real Estate Holding AG. The transfer is, however, subject to the condition subsequent that the German Financial Services Supervisory Authority (BaFin) issues a binding order prohibiting the transfer. With a total mortgage volume of approximately €50 billion, the Hypo Real Estate Group is one of the largest providers of finance to commercial real estate customers in Europe and, as such, one of the largest real estate finance institutions. As of December 31, 2004, Hypo Real Estate Group had total assets of approximately €100 billion.

Collineo has a successful track record since 1999. The team emerged from the Securitisation & Structured Finance Division of Hypo Real Estate Bank AG, Germany, and has a strong background in capital market products and securitisation.

Upon written request, Collineo will provide without charge to each person to whom this Prospectus is delivered a copy of the most recent annual report of Hypo Real Estate Holding AG. Written requests for such annual reports or any additional information concerning Collineo should be directed to Collineo Asset Management GmbH, Florianstr 1, D-44139, Dortmund, Germany, Attention: Dirk Bergander.

Collineo has supplied the information relating to it in this section entitled "The Collateral Manager". Collineo does not accept responsibility for any information contained in this Prospectus other than the information contained in this section relating to Collineo. Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Collineo since the date of this Prospectus or that the information contained or referenced in this section is correct as of any time subsequent to the date set forth herein.

Overview

As an investment manager, the Collateral Manager is an active participant in the European and US mortgage-backed securities (MBS) markets. The Collateral Manager manages portfolios including mortgage-backed and other asset-backed securities, CDOs of MBS and non-conforming assets. The Collateral Manager is expected to continue to be active in these areas; and the characteristics of its business, investment and credit underwriting policies that are described herein and under "Investment Process" below are expected to be characteristic of its business, investment and credit underwriting policies as they relate to the Issuer.

As of December 2004, the Securitisation & Structured Finance Division of Hypo Real Estate Bank AG managed approximately €9.8 billion in ABS and MBS securities. The total included more than €4.9 billion in RMBS and more than €1.2 billion in CMBS. The assets under management in seven cash CDO's amounted to approximately €3.8 billion.

Approximately €9 billion of the Euro-denominated fixed income assets under management is comprised of Euro commercial mortgage-backed securities, residential mortgage-backed securities,

collateralized debt obligations and other similar asset-backed securities. The sources of the Collateral Manager's investment recommendations will include, but are not limited to, investment banks, commercial banks, transaction sponsors and other intermediaries, including the Counterparty.

The Collateral Manager currently employs 10 professionals in its investment activities. Its investment experience is enhanced by its former experience in credit underwriting activities, which include structuring and arranging financing and securitization transactions. As a result of these activities, the Collateral Manager's professionals have developed a strong background in credit analysis and the structuring of various types of debt transactions.

Investment Process

The Collateral Manager's general investment strategy has been and will continue to be a "buy and hold and duration neutral" approach. The Collateral Manager seeks to maximize a stream of net interest earnings while minimizing credit risk and interest rate risk. In order to achieve this objective, the portfolio under management will concentrate on holdings with investment grade ratings and relatively short interest rate duration.

The Collateral Manager uses a "top down relative value" strategy which enables it to capture value between fixed income sectors. It uses this process to identify industry sectors that match its investment philosophy and meet its investment criteria. The Collateral Manager focuses on relatively stable industries and sectors that have and can generate predictable cash flows or provide significant asset protection.

The Collateral Manager also uses a "bottom up" strategy on individual securities which will offer relative value to comparable securities. The "bottom up" strategy enables the Collateral Manager to focus on an undervalued sector or issue. After identifying industries or sectors that it believes are attractive, the Collateral Manager applies a rigorous approach to identifying specific investments at the company and issue levels. It will select securities based upon a thorough assessment of the underlying collateral quality and stress scenarios on the structure. Other important assessments are the amount of subordinate capitalization, the level of collateral coverage and protection, the degree of covenant protection, servicer quality, financial strength and information reporting systems and the impact of other structural factors such as call or redemption provisions and premiums.

The Collateral Manager has a contract with Hypo Real Estate Bank AG ("**HRE**") in place to establish a credit surveillance process to monitor portfolio investments on a regular basis which it considers as important as the initial decision to purchase the security. HRE performs quarterly credit surveillance on all fixed income structured finance assets in the surveillance portfolio. This process includes a review of remittance reports, collateral reports or a review of summary data reports provided by dealers. HRE prepares and maintains for its own use a "Watch List of Potential Credit and Market Risks". The credit surveillance process has generally allowed the Collateral Manager to make certain pre-emptive moves with regard to selling potential problem credits.

The Management Committee

All material portfolio management decisions concerning the performance of the Collateral Manager's obligations under the Collateral Management Agreement (including the proposal of any purchase and sale of Collateral Debt Securities and Eligible Investments) will be considered by the Management Committee. The "Management Committee" will be divided into the "Senior Manager" and "Managers" and will initially consist of the following professionals.

Members of the Management Committee

Senior Manager:

Dirk Bergander was born in 1967. He is managing director of Collineo. Before this employment, he headed the securitisation & structured finance department of HRE. A graduate of the University of Bochum, he specialized in finance, financial institutions and risk management. Mr. Bergander holds a joint degree in Business Administration and Economics. After joining Hypo Real Estate Bank in 1993 from Deutsche Bank, he initially became a member of the risk management department where he specialized in capital markets products. In 1999 he decided to join the treasury department with a view to build the credit trading and portfolio management platform. In 2001 he was made responsible for this area, including the securitization effort of the bank

Managers:

Daniel Janssen was born 1977. After a two year trainee programme at HRE he joined the Securitisation & Structured Finance department of Hypo Real Estate in 2003 as portfolio manager and trader. He is now responsible for the analysis of ABS/MBS/CDO products and portfolio management.

Dr. Michael Lohre was born 1970. He is a graduate of the University of Dortmund where he worked as a research associate since 1997 with a main focus on empirical finance. In 2002 he received a Ph.D. in Statistics. After joining HRE in 2002 he initially became a member of the risk management department. In January 2004, he joined the securitisation and structured finance department of HRE. He is now responsible for risk analysis of ABS/MBS products.

Dr. Kurt Becker was born 1967. He is a graduate of the University of Dortmund, where he specialized in business/real estate cycles and received a Ph.D. in Economics in 1998. He taught at the International School of Management (ISM) in Dortmund and has worked since 1995 in the real estate investment sector in Duesseldorf and Frankfurt. After joining HRE in 2002, he is now responsible for research with a special focus on real estate markets.

Arnd Nasswetter was born 1962. He holds a degree as "Bankfachwirt" and exchange dealer from the Bankakademie. He joined the treasury department of HRE (capital markets team) in 1984 where he was responsible for the funding of vanilla and structured products. In November 2003, he joined the Securitisation & Structured Finance department. He is now responsible for the analysis of ABS/MBS products and portfolio management.

Panagiota-Kalliopi Vergini was born in 1975. She is a graduate of the University of Wuppertal and holds a degree in Economics. She joined the controlling department of HRE in 2001 and in July 2004 the Securitization & Structured Finance department of Hypo Real Estate. She is now responsible for the analysis of ABS/MBS products and portfolio management.

Sandra Wawrzyniak was born in 1973 She holds a degree as "Bankfachwirtin" from the "Bankakademie". She joined the Securitisation & Structured Finance team of Collineo in April 2005 from HSH Nordbank AG. She has long-term experience in the ABS market and has been in that market since its beginning with 13 years of structured finance investment experience. She is now responsible for the analysis of ABS/MBS products and portfolio management.

Collineo is not affiliated with the Issuer.

THE INITIAL INVESTMENT BOARD MEMBERS AND THE INVESTMENT BOARD AGREEMENT

1. The initial members of the Investment Board

Initially, the Investment Board shall comprise of Mr. Stephan Bub and Mr. Thomas Savino who are part of the Credit Markets Group at HRI.

Stephan Bub: Management Board member in charge of Credit Markets at Hypo Real Estate Bank International. Until June 30th 2003 when he stepped down to take the role to create and manage a new capital markets initiative at HVB (Grand Central Re) Stephan Bub was a member of the Board of Managing Directors of Bayerische Hypo- und Vereinsbank AG ("HypoVereinsbank"; "HVB"). From 1996 until his Board appointment in 2001 Mr. Bub held the position of Chief Executive Officer and General Manager of the Americas Region for the former Bayerische Vereinsbank AG ("Vereinsbank") and, at the beginning of 2000, he was also named Chief Executive Officer of HVB Asia. In addition, Mr. Bub was responsible for Global Credit.

Mr. Bub brings with him a long track record in Derivative Products and Capital Markets Engineering, spanning a twelve year career in the financial markets. Working closely with HypoVereinsbank Managing Directors and Board Members worldwide, Mr. Bub had assembled the new business strategy for the Americas and Asia, centred on providing continued excellence in the core competencies of HypoVereinsbank to both regions.

Prior to assuming his position in the Americas, Mr. Bub was Head of Vereinsbank Treasury in Munich with responsibilities for Asset/Liability Management, Fixed Income and Capital Markets. He is credited with the development of the Vereinsbank "Jumbo"-Pfandbrief program as well as for bringing the overall market debut Jumbo issuance in 1995. Mr. Bub also spearheaded the development of the Vereinsbank Interest Rate Swaps program, gaining 1996 Euromoney Dealer and Peer Poll rankings of #3 in long-dated Interest Rate Swaps and #2 in overall Interest Rate Swaps.

Before joining Vereinsbank, Mr. Bub spent eight years with BHF-Bank, first as Head of Derivative Trading and Capital Markets Engineering in Frankfurt, Germany, followed by a five-year tenure as Head of Treasury in BHF-Bank's New York office.

Mr. Bub holds degrees from both Boston University and Mannheim University.

Thomas Savino: Treasurer, Chief Financial Officer and Managing Director of HI Asset Management, Inc. & HI Capital Markets, Inc. the USA subsidiaries of Hypo Real Estate Bank International, conducting capital & credit markets activities primarily as advisor. Mr. Savino is a Certified Public Accountant licensed in New York, USA and has extensive financial experience overseeing management accounting, operational and compliance for introducing securities broker-dealers and asset management activities. In such capacity Mr. Savino has satisfied US securities industries licensing requirements to oversee as General Securities and Financial Operations Principal covering the securities industry. From April 1995 to July 2004, Mr. Savino held same positions for the USA subsidiaries Hypo-Vereinsbank AG as Treasurer and Chief Financial Officer.

From 1993 to April 1995, he served as Chief Financial Officer for Reinoso & Company a USA securities broker dealer primarily providing underwriting activities for municipalities and from October 1986 to January 1993 as Vice President of Finance & Administration GAMCO Investors, Inc. a USA securities investment advisor and Gabelli & Company, Inc. a US securities broker-dealer for over 1000 clients in the US equities markets for approximately \$5 billion of assets under management. Mr. Savino, from 1978 to 1986 worked in the Public Accounting Industry servicing primarily financial institutions with Spicer & Oppenheim, an international public accounting firm.

Mr. Savino obtained a B.B.A. in Business Administration majoring in Public Accountancy from Bernard M. Baruch College (New York, NY) in 1977.

2. The Investment Board Agreement

The following is the text of the Investment Board Agreement (excluding its recitals) dated 6 October

2005, between the Issuer, the Collateral Manager, the Trustee and the Investment Board Provider. In the case of any overlap or inconsistency in the definition of a term or expression in the Investment Board Agreement and elsewhere in this Prospectus, the definition in the Investment Board Agreement will prevail.

1. INTERPRETATION

In this Agreement, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined and expressed to be construed in the master interpretation and construction schedule, as amended from time to time, (the "**Master Interpretation and Construction Schedule**") signed on or about the Closing Date by, *inter alios*, the parties hereto shall have the same meaning and construction *mutatis mutandis* herein and Clause 2 of the Master Interpretation and Construction Schedule shall apply *mutatis mutandis* to this Agreement, *provided that* in the case of any overlap or inconsistency in the definition of a term or expression in this Agreement and in the Master Interpretation and Construction Schedule, the definition in this Agreement will prevail.

2. DUTIES OF THE INVESTMENT BOARD PROVIDER

2.1 The Issuer hereby appoints the Investment Board Provider and has appointed the Collateral Manager under the Collateral Management Agreement together to deliver services to the Issuer which comprise discretionary investment management services. The Investment Board Provider and the Collateral Manager agree to co-operate when delivering such services as provided for in the respective Transaction Documents.

2.2 The Investment Board Provider shall establish a board (the "**Investment Board**") for the purpose of performing the tasks assigned to the Investment Board in Clause 3 below.

2.3 The Investment Board Provider shall promptly after the date hereof appoint two members to the Investment Board who shall initially be Mr. Stephan Bub and Mr. Thomas Savino. The Investment Board Provider shall procure that all members of the Investment Board shall be professionals with knowledge into investing in private placement structured debt issues, be non-German resident officers or employees in the capital markets area including, but not limited to, the structured finance area of the capital markets division of HRI or HI Asset Management, Inc. or (subject to Rating Agency Confirmation) any non-German subsidiary of HRI as may be agreed with the Issuer and who hold at least the position of 'Director'. In no event shall any member of the Investment Board be an employee of the Collateral Manager.

2.4 The Investment Board Provider shall be entitled to recall members and appoint new members to the Investment Board at any time and shall maintain, and shall be responsible for all actions, of the Investment Board at all times during the term of this Agreement. The Investment Board shall have at least two members and not more than four members satisfying the requirements set out in Clause 2.3 above who have been instructed by the Investment Board Provider to perform the tasks assigned to the Investment Board in Clause 3 below pursuant to the procedures set out in Clause 5 below.

2.5 The Investment Board Provider shall promptly notify the names of the initial members of the Investment Board as well as each future change in its membership to the Collateral Manager, to the Issuer and to the Trustee.

2.6 In acting with respect to this Agreement, the Investment Board Provider shall be required to perform only such duties as are specifically set forth in this Agreement.

3. TASKS OF THE INVESTMENT BOARD

3.1 The Investment Board Provider shall procure that the Investment Board performs the following tasks:

- (a) The Investment Board shall take decisions on behalf of the Issuer with regard to each proposal submitted to it by the Collateral Manager regarding the purchase, sale or liquidation of Collateral Debt Securities or Eligible Investments by the Issuer, in each case in its reasonable discretion giving due regard to the interests of the Noteholders. No purchase, sale or liquidation of Collateral Debt Securities or Eligible Investments shall be approved:
 - (aa) if the Investment Board has been notified in writing, on or prior to such date of purchase or sale, of the occurrence of an Event of Default or a Potential Event of Default which is continuing, unless, in the case of a purchase, the relevant Collateral Debt Security or Eligible Investment is the subject of a commitment entered into by the Issuer prior to the occurrence of such Event of Default or Potential Event of Default, and
 - (bb) unless the Collateral Manager has received (and forwarded to the Investment Board) a certificate by the Collateral Administrator confirming that after giving effect to such purchase or disposal, the Portfolio Provisions will be met or, if any of the conditions set forth in the Portfolio Provisions (other than any of the Coverage Tests) are not satisfied prior to such purchase or disposal, each such condition will not be further from being satisfied after giving effect to such purchase or disposal.
- (b) In the case of an approval of a purchase or a sale of Collateral Debt Securities or Eligible Investments, the Investment Board (on behalf of the Issuer) shall execute the purchase or sale order pertaining to such approval and shall submit such order (by fax, telephone or otherwise) to the Collateral Manager.
- (c) The Investment Board shall take decisions on behalf of the Issuer with respect to each proposal submitted to it by the Collateral Manager relating to:
 - (i) declarations to be made and other actions to be taken by the Issuer in its capacity as noteholder with respect to the Collateral Debt Securities (including the exercise of noteholders' voting rights, exchange and conversion rights and other similar rights and remedies under any Underlying Instrument);
 - (ii) the entering into, amendment, termination of and/or replacement of the Hedge Agreement or any Collateral Interest Rate Swap thereunder in accordance with Provision 8 of the Portfolio Provisions;
 - (iii) the submission of a request for collateral to the Hedge Counterparty under Provision 8(d) of the Portfolio Provisions if the Hedge Counterparty is required to provide collateral pursuant to the terms of the Hedge Agreement;
 - (iv) any other issue the Collateral Manager proposes to the Investment Board for its decision;
 - (iv) instructions to the Collateral Administrator to make any Funding Requests with respect to the Class A1 Delayed Draw Notes and the Class A1 Single Draw Notes, as the case may be;
 - (v) imposition of a suspension and lifting of a suspension of the Reinvestment Period upon the conditions set forth in Provision 5 of the Portfolio Provisions, provided that the Investment Board (acting on behalf of the Issuer) shall honour any commitment to acquire Collateral Debt Securities arising before the suspension of the Reinvestment Period;
 - (vi) the liquidation of the Mortgaged Property in connection with any early redemption of the Notes pursuant to Condition 6 (*Redemption and Purchase*), including the entering into a binding agreement or agreements to sell all or part of the Collateral Debt Securities as set forth in Condition 6(j) (*Conditions to Optional Redemption*).

3.2 For the avoidance of doubt, the members of the Investment Board shall act in their capacity as officers or employees of the Investment Board Provider or the relevant affiliate thereof as permitted under Clause 2.3 hereof only and not in an individual capacity in relation to the services provided by the Investment Board Provider pursuant to this Agreement. No member of the Investment Board shall have any personal liability under the Investment Board Agreement.

3.3 The Investment Board shall take decisions in its discretion in accordance with and subject to the provisions of this Agreement and shall not be subject to any instructions whatsoever of any person (including, but not limited to, the Collateral Manager).

4. POWER OF ATTORNEY

The Issuer hereby grants a power of attorney to the members from time to time of the Investment Board as well as to any delegates appointed pursuant to Clause 5.2, each of them acting individually, to perform the tasks set out in Clause 3, and to make all declarations and to take all actions which they deem necessary or appropriate in connection with the foregoing in accordance with the terms of this Agreement, in the name and on behalf of the Issuer.

5. PROCEDURE OF THE INVESTMENT BOARD

5.1 The Investment Board Provider shall procure that the Investment Board performs the tasks set out in Clause 3 above pursuant to the following procedural provisions:

- (a) Any decision by the Investment Board shall require unanimous consent of its members, provided that, for the purposes of this Clause 5.1(a), the consent of a member who (i) is outside the reach of any means of telecommunication as set forth in Clause 5.1(b) below for a period of one or more weeks or (ii) due to an illness, cannot participate in such decision, shall not be required.
- (b) The decisions of the Investment Board shall generally be taken in a meeting held in the offices of HRI or any of its affiliates in Dublin or held in any other place outside the Federal Republic of Germany. If no member objects, decisions may be taken by any means of telecommunication such as by telephone, videoconference, e-mail or telefax, provided that such communication shall be initiated, controlled and documented from outside of the Federal Republic of Germany.
- (c) Each decision of the Investment Board shall be documented in a written resolution signed by its members (or their respective delegates) on the same document or in counterparts and sent to the Collateral Manager.
- (d) Without prejudice to (a), (b) and (c) above, the Investment Board may adopt rules of procedure.

5.2 The members of the Investment Board may at the cost of the Investment Board Provider appoint delegates which shall satisfy the requirements set out in Clause 2.3 above. Such delegates shall be entitled to perform the tasks of the relevant appointing member on its behalf.

5.3 Any non-compliance with procedural provisions shall not affect the validity of any declaration or other action of the Investment Board made on behalf of the Issuer.

6. COVENANTS OF THE COLLATERAL MANAGER

The Collateral Manager shall:

- (i) at all times provide the Investment Board Provider (acting through the Investment Board) with

such information, including but not limited to any information regarding any Collateral Debt Security and/or Eligible Investment, any Monthly Report, any audited financial statements of the Issuer (to the extent these are available to the Collateral Manager), any proposal regarding the sale, purchase or liquidation of any Collateral Debt Security and/or Eligible Investment, any hedging strategy or the Hedge Agreement or any Collateral Interest Rate Swap thereunder or any exercise of noteholders' voting rights, exchange and conversion rights or other similar rights and remedies under any Underlying Instrument, as the Investment Board Provider (acting through the Investment Board) shall reasonably require;

- (ii) promptly provide the Investment Board Provider (acting through the Investment Board) with copies of any information (including, but not limited to, notices relating to the exercise of noteholders' voting rights, exchange and conversion rights and other similar rights and remedies as a holder of the Collateral Debt Securities) provided by the Custodian, the Collateral Administrator and/or the Trustee to the Collateral Manager. If such information is only available through an internet website, the Collateral Manager shall procure access to such website for the Investment Board Provider (acting through the Investment Board);
- (iii) provide the Investment Board Provider (acting through the Investment Board) with all information, certifications or agreements regarding the sale of any Collateral Debt Security or Eligible Investment prior to any scheduled Redemption Date as the Investment Board Provider (acting through the Investment Board) may require; and
- (iv) promptly forward to the Investment Board Provider (acting through the Investment Board) any certificate received from the Collateral Administrator pursuant to the Collateral Administration Agreement.

7. REPRESENTATIONS AND COVENANTS OF THE INVESTMENT BOARD PROVIDER

The Investment Board Provider represents to the Issuer that, as of the date hereof:

- (a) the Investment Board Provider is duly incorporated and validly existing under the laws of Ireland with the power to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorised by all necessary action on the Investment Board Provider's part and does not contravene its constitutional documents, any agreement or instrument to which it is a party or by which it or any of its property is bound, or any law, judgement or governmental rule, regulation or order applicable to it;
- (c) the Investment Board Provider complies in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations hereunder;
- (d) all governmental consents, permits and licences that are required to have been obtained by the Investment Board Provider with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents, permits and licences have been complied with;
- (e) this Agreement constitutes its legal, valid, binding and enforceable obligations, subject to limitations imposed by any applicable bankruptcy, insolvency, reorganisation, moratorium or similar law affecting creditors' rights generally;
- (f) it is a credit institution duly authorised by virtue of Directive 2000/12/EC of 20 March 2000 which provides investment business services and in so doing does not exceed the terms of its authorisation and that such authorisation has not been revoked; and
- (g) there is no pending or threatened action, proceeding, governmental investigation or arbitration affecting the Investment Board Provider or its properties before any court, governmental agency or arbitrator which would affect the legality, validity or enforceability of this Agreement against the Investment Board Provider or its ability to perform its obligations hereunder.

8. TERMINATION

8.1 This Agreement may be terminated upon at least thirty (30) days prior written notice by either the Investment Board Provider or the Issuer, such notice to be given to the respective other parties hereto with a copy to the Rating Agencies, the Collateral Manager and the Trustee.

8.2 This Agreement may be terminated by the Issuer for cause by giving written notice to the Investment Board Provider with a copy to the Rating Agencies, the Collateral Manager and the Trustee upon the occurrence of any of the following events:

- (i) a breach by the Investment Board Provider (including any breach by the Investment Board and any delegees appointed pursuant to Clause 5.2) of any of its obligations hereunder (aa) which is materially prejudicial to the interest of the Noteholders (including, but not limited to, any breach of the undertaking set forth in Clause 7.2 above), as determined by the Trustee, and such breach remains uncured for 10 days after written notice thereof is given by the Trustee or (bb) such breach is made wilfully or is grossly negligent;
- (ii) the Investment Board Provider is unable to pay its debts as they fall due (zahlungsunfähig) or is overindebted (überschuldet), becomes subject to insolvency proceedings, a motion to institute such proceedings is filed and not discharged within 90 days, or such proceedings are not instituted for lack of assets;
- (iii) any representation made by the Investment Board Provider hereunder proves to have been materially incorrect or materially misleading when made;
- (iv) the Investment Board Provider is no longer legally authorised to carry out its duties hereunder;
- (v) an action by the Investment Board Provider in connection with its business which constitutes fraud or criminal activity;

provided that in any of the events set out under (ii), (iii) and (iv) of this Clause 8.2 the relevant termination shall only become effective upon at least 10 Business Days' prior written notice by the Issuer to the Investment Board Provider.

8.3 The Issuer shall terminate this Agreement for cause upon the written direction of the holders of a Majority of the Notes in the event that the Collateral Management Agreement is terminated pursuant to Clause 7.2(vi) thereof, provided that such termination shall, subject to Clause 8.4 below, only become effective upon at least 10 Business Days' prior written notice by the Issuer to the Investment Board Provider.

8.4 Any termination of this Agreement (other than a termination pursuant to Clause 8.6 below) shall only become effective if a replacement investment board provider is appointed pursuant to Clause 8.5 below.

8.5 A replacement investment board provider may not be appointed unless (i) a replacement party has agreed in writing to assume all of HRI's duties and obligations under this Agreement and the Transaction Documents, (ii) the Trustee, subject to the written consent of the holders of a Majority of the Notes, gives its prior written consent to such replacement, (iii) Rating Agency Confirmation is provided to the Trustee in respect of any such appointment, and (iv) any fees accrued up to the termination date have been paid by the Issuer to the terminated Investment Board Provider.

8.6 This Agreement shall automatically terminate upon the earlier to occur of:

- (i) the payment and redemption in full of the Notes; and
- (ii) the liquidation of the Mortgaged Property and the final distribution of the proceeds of such liquidation as provided in the Conditions.

Any such termination shall be without prejudice to any accrued rights, remedies or liabilities at the time of such termination.

8.7 Nothing herein shall prejudice any right to terminate this Agreement for good cause (*wichtiger Grund*) as a matter of mandatory law. In the event that the Investment Board Provider exercises such a termination right hereunder, the Investment Board Provider shall use its best efforts to find a replacement Investment Board Provider to be appointed in accordance with Clause 8.5.

9. LIMITATION OF RESPONSIBILITY; INDEMNITIES

9.1 Limitation of Responsibility

- (a) The Investment Board Provider shall be liable for its acts or omissions under or in connection with this Agreement (including any acts or omissions of the Investment Board and any delegates appointed pursuant to Clause 5.2) only if and to the extent that such acts or omissions constitute a wilful or grossly negligent (*vorsätzliche oder grob fahrlässige*) breach of its obligations hereunder.
- (b) All of the parties hereto acknowledge and agree that neither the Investment Board Provider nor the Collateral Manager shall be responsible for any inability to perform any action within any obligation hereunder as a result of factors beyond its control, including without limitation the condition of certain financial markets, general economic conditions and international political events.

9.2 Indemnities

- (a) The Issuer shall indemnify the Investment Board Provider and its Affiliates (other than the Collateral Manager) against all Losses incurred by the Investment Board Provider in connection with this Agreement as a result of any breach by the Issuer of its obligations hereunder, unless such Losses are incurred due to a wilful or grossly negligent breach by the Investment Board Provider of its obligations hereunder.
- (b) The Collateral Manager shall indemnify the Investment Board Provider and its Affiliates against any Losses incurred by the Investment Board Provider in connection with this Agreement as a result of any wilful or grossly negligent breach by the Collateral Manager of its obligations under the Collateral Management Agreement or with respect to written information prepared by or on behalf of the Collateral Manager and delivered to the Investment Board Provider and as a result of such information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (c) All indemnities set forth in this Clause 9 shall be payable in euro and shall, in the case of indemnities payable by the Issuer, constitute Administrative Expenses.
- (d) The indemnities provided for in this Clause 9.2 shall survive the termination of this Agreement.

10. SERVICES NON-EXCLUSIVE; RELIANCE

10.1 The services of the Investment Board Provider to be rendered hereunder are non-exclusive. Nothing herein shall prevent the Investment Board Provider from engaging in other businesses, as principal or in an advisory or other capacity with, or have any economic interests in or other relationship with, the Trustee, the Collateral Administrator, the Hedge Counterparty, the Collateral Manager, the Noteholders, the Issuer, any issuer of any Collateral Debt Securities, any obligor of any Eligible Investments or any Affiliate of the foregoing or any other person.

Each of the foregoing may give rise to conflicts of interest or restrictions on transactions in the relevant investments by the Investment Board Provider. In such instances, the Investment Board

Provider may in its discretion make investment recommendations, take decisions or otherwise act in a way that may be the same as or different from actions hereunder with respect to the Portfolio.

10.2 The Investment Board Provider (i) shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper person and (ii) may rely upon any statement of the Collateral Administrator and the Collateral Manager made to it orally or by telephone and reasonably believed by it to be made by the proper person, and shall not incur any liability for relying thereon. The Investment Board Provider may consult with legal counsel at its own cost (which may be counsel for the Issuer or an obligor of any Collateral Debt Security or Eligible Investment or any of its Affiliates), independent accountants and other experts reasonably selected by it, and shall not be liable for any action taken or not taken by it in respect of its obligations hereunder in good faith in accordance with the advice of any such counsel, accountants or experts.

10.3 The Investment Board Provider shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, approval or other paper or document.

10.4 The Investment Board Provider shall not be liable for any error of judgement made in good faith by its directors, members, officers, shareholders, partners, servants, trustees, employees, attorneys and agents, unless it shall be conclusively determined by a court of competent jurisdiction that the Investment Board Provider was acting with wilful misconduct or with gross negligence in ascertaining the pertinent facts.

11. FEES, COSTS AND EXPENSES

11.1 As consideration for performance of its services under this Agreement, the Issuer shall pay to the Investment Board Provider a fee (the "**Investment Board Fee**") of EUR 5,000 per annum, which shall be payable in arrear on each Payment Date.

11.2 This fee shall be inclusive of any value-added or other similar tax imposed by applicable law on such services and shall constitute full compensation for any costs and expenses incurred by the Investment Board Provider or the members of the Investment Board in connection with the performance of their respective duties and tasks hereunder.

11.3 All payments under this Agreement by the Issuer to the Investment Board Provider will be made without set-off, deduction or counterclaim.

12. COMMUNICATIONS

12.1 All communications under this Agreement shall be made in English by e-mail, mail or fax, *provided that* notices regarding termination of this Agreement given by e-mail or fax shall also be confirmed by first class or registered mail.

12.2 Subject to written notification of any change of address, all notices under this Agreement to the parties set out below shall be directed to the addresses set out in Exhibit A to the Master Interpretation and Construction Schedule.

13. LIMITED RECOURSE AND NON-PETITION

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments

in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and the other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, prove ultimately insufficient to satisfy the claims of the Investment Board Provider or the Collateral Manager in full, then any shortfall arising shall be extinguished and each of the Investment Board Provider and the Collateral Manager shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination rights, set-off rights and rights of retention of the Investment Board Provider or the Collateral Manager. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Investment Board Provider or the Collateral Manager, and neither assets nor proceeds will be so available thereafter.

Each of the Investment Board Provider and the Collateral Manager shall not take steps against the Issuer to recover any sum so unpaid and, in particular, each of the Investment Board Provider and the Collateral Manager shall not petition for bankruptcy of the Issuer or request the opening of any other collective or reorganisation proceedings against the Issuer or take any other step or action for the winding up (*dissolution*), examinership, liquidation (*liquidation*) or dissolution of the Issuer nor for the appointment of a liquidator (*liquidateur*), examiner, administrator (*commissaire*), receiver (*curateur*) or other person in respect of the Issuer or its assets until after the expiry of any applicable preference period as provided for in the applicable bankruptcy laws following the payment of all amounts payable under the Conditions of the Notes.

14. AMENDMENTS; ASSIGNMENT; NOTICE OF PLEDGE; TRUSTEE

14.1 This Agreement (including this Clause 14.1) may only be amended by agreement of all parties hereto in writing. The parties hereto shall only agree to any amendment hereto subject to the prior written notice to the Rating Agencies and subject to the prior written consent of the holders of a Majority of the Notes.

14.2 Neither party may assign all or a portion of its rights or obligations hereunder except as permitted herein or in the other Transaction Documents.

14.3 The Issuer hereby gives notice to all other parties hereto that it has pursuant to the Trust Agreement pledged to the Trustee all its present and future, actual and contingent claims and rights arising hereunder as a security for the Trustee Claim as defined in the Trust Agreement. Each other party hereby acknowledges the receipt of the above notice of, and agrees to, such pledge and confirms that it has knowledge of the provisions of the Trust Agreement relating thereto. Each such other party hereby waives any pledge or other security interest (whether pursuant to its standard terms and conditions or otherwise) relating to the claims being the subject of the pledge, and confirms that it is not aware of any rights of third parties in respect of such claims.

14.4 Save as expressly provided herein the Trustee shall assume no obligations whatsoever by virtue of the provisions of this Agreement or of its being a party to it. The exercise of any of the Trustee's rights or discretions hereunder will be subject to the same protections and immunities as are conferred upon the Trustee and contained in the Trust Agreement.

15. SEVERABILITY; MISCELLANEOUS

15.1 If any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which, taking into consideration the purpose and intent of this Agreement, have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply *mutatis mutandis* with regard to any contractual gaps (*Vertragslücken*) in this Agreement.

15.2 Each party to this Agreement undertakes *vis-à-vis* the respective other party to take all actions that become necessary pursuant to Clause 15.1 or for other reasons to implement this Agreement.

15.3 The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the Securitisation Act 2004).

16. GOVERNING LAW; PLACE OF PERFORMANCE; JURISDICTION

16.1 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

16.2 Place of Performance

The place of performance for the obligations of all parties is Dublin, London or New York.

16.3 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each of the Issuer and the Investment Board Provider hereby submits to the jurisdiction of such court.

16.4 Service of Process

Each of the Issuer and the Trustee has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the Closing Date at Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its authorised agent for service of process in relation to any legal proceedings initiated before a German court. The Investment Board Provider has appointed Hypo Real Estate Bank AG, Florianstrasse 1, 44139 Dortmund, Germany, as its authorised agent for service of process in relation to any legal proceedings initiated before a German court. If for any reason any such agent shall cease to be such agent for service of process, each of the Issuer, the Trustee and the Investment Board Provider shall forthwith appoint a new agent for service of process in Germany and deliver to the respective other party a copy of the new agent's acceptance of appointment within 30 days. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

17. CONDITION PRECEDENT

This Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the aggregate net subscription money for the Notes (except for the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) will be paid pursuant to the Notes Placement Agreement.

18. COUNTERPARTS

This Agreement may be executed in one or more counterparts. Each counterpart, whether the original signed document or a copy of such signed document evidenced by facsimile or other electronic means, shall constitute an original, but all such counterparts taken together shall constitute one and the same agreement.

THE COLLATERAL ADMINISTRATION AGREEMENT

Pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator, amongst other things, (a) to monitor the collection of amounts received by the Issuer, (b) to determine the amounts payable to the Noteholders and the other Transaction Creditors in accordance with the relevant Priorities of Payment, (c) to prepare certain reports (as described below) on behalf of the Issuer, (d) to perform certain other functions with respect to the Collateral Debt Securities and Eligible Investments, and (e) to confirm compliance in respect of the Portfolio Provisions to the Trustee and the Collateral Manager with regard to any proposal for the purchase or sale made by the Collateral Manager to the Investment Board (acting on behalf of the Issuer) with respect to the Collateral Debt Securities and Eligible Investments. Any extraordinary expenses incurred by the Collateral Administrator will be treated as Administrative Expenses which will be payable in accordance with the relevant Priorities of Payment. (See *The Accounts – 4. Expense Account.*)

Pursuant to the terms of the Collateral Administration Agreement, the Collateral Administrator will further perform certain account management services in relation to each of the Accounts and as the lawful agent of the Issuer will direct the Account Bank to effect payments into and out of each of the Accounts in order to discharge the payment and other obligations of the Issuer, and to effect other transfers between the Accounts, in accordance with the provisions of the Transaction Documents. See "The Accounts".

Pursuant to the terms of the Collateral Administration Agreement, the Collateral Administrator will be responsible for performing certain functions described therein, including compiling the Monthly Report, as described below:

Monthly Reports

In respect of each calendar month, commencing November 2005, the Collateral Administrator will compile and provide to the Issuer, the Rating Agencies, the Trustee, the Collateral Manager, the Investment Board, the Hedge Counterparty, the Liquidity Facility Provider and the Paying Agents, a Monthly Report determined as of the relevant Monthly Report Fixing Date no later than 7 Business Days after each Monthly Report Fixing Date. The Monthly Report may be delivered by e-mail to any Noteholder upon request (subject to the receipt of evidence reasonably satisfactory to the Collateral Administrator regarding the Notes held by such Noteholders). Each Paying Agent will make such Monthly Report available for collection by any Noteholder (subject to the receipt of evidence reasonably satisfactory to the Paying Agent regarding the Notes held by such Noteholder), at its specified office.

The Monthly Report will contain the following information with respect to the Mortgaged Property and the Notes, determined as of the relevant Monthly Report Fixing Date:

Portfolio Composition:

- (a) the Aggregate Principal Balance of all Collateral Debt Securities including, where appropriate, the Market Value of such Collateral Debt Securities;
- (b) in respect of each Collateral Debt Security in the Portfolio on the Monthly Report Fixing Date,
 - (i) the ISIN, CUSIP and WKN, as applicable, (ii) the exchange where such Collateral Debt Security is listed, if any, (iii) whether or not such Collateral Debt Security is on credit watch for possible downgrade or upgrade, (iv) the Principal Balance of such Collateral Debt Security on the day of the Monthly Report and the date of purchase, (v) the amount of any reduction in the Principal Balance of such Collateral Debt Security (scheduled or unscheduled) since the last Monthly Report Fixing Date and the total percentage of the Principal Balance so amortised, (vi) the interest rate applicable to such Collateral Debt Security and, if the asset is a Fixed Rate Collateral Debt Security, a description of the corresponding Collateral Interest Rate Swap, if any, (vii) the duration of interest periods applicable to such Collateral Debt Security, (viii) the stated legal maturity and the expected weighted average life applicable to such Collateral Debt Security, (ix) the identity of the issuer, its place of incorporation and the date of issue of such Collateral Debt Security, (x) the public Fitch rating and the public S&P rating or, if not rated by S&P or Fitch, the public Moody's rating of such Collateral Debt Security as at the Monthly

Report Fixing Date and as at the date of acquisition by the Issuer to the extent available, including any history of rating changes (xi) the purchase price with and without accrued interest of such Collateral Debt Security to the extent available, (xii) the date of acquisition of such Collateral Debt Security by the Issuer, (xiii) the sector (by industry and geographical) allocation of such Collateral Debt Security, (xiv) the asset manager and/or servicer of such Collateral Debt Security, (xv) the Recovery Rate of such Collateral Debt Security, (xvi) the level of any overcollateralisation ratio test applicable to such Collateral Debt Security, (xvii) whether or not such Collateral Debt Security is a Deferred Interest PIK Security, a Collateral Debt Security or any other security which is, as of the Monthly Report Fixing Date, having interest payments deferred, and in such case, the amount of any deferred interest and the number of payment periods for which interest has deferred on such Collateral Debt Security, (xviii) whether such Collateral Debt Security is (A) an RMBS, (B) a CMBS, (C) a CDO, (D) an ABS, (E) a CDO of MBS, (F) a Non-Conforming Security, (G) a Non-Performing Loan Security or (H) a Synthetic Credit Linked Security, (xix) the currency in which such Collateral Debt Security is denominated, (xx) whether such Collateral Debt Security has become a Defaulted Security, a Credit Improved Security, a Credit Risk Security, a Deferred Interest PIK Security, a Collateral Debt Security or any other security which is, as of the Monthly Report Fixing Date, having interest payments deferred, since the previous Monthly Report Fixing Date and the date on which each such Collateral Debt Security became such a security, (xxi) trading gains or losses, if any, from calls or amortisations occurring on such Collateral Debt Security, (xxii) the amount of any Collateral Accrued Interest, (xxiii) the expected interest payments on such Collateral Debt Security until the next Payment Date, (xxiv) the interest received on such Collateral Debt Security, (xxv) the expected next payment date of such Collateral Debt Security, (xxvi) the number of payment dates during which interest under such Collateral Debt Security has accrued and (xvii) any other information required to allow the Collateral Manager to determine compliance with the Portfolio Provisions;

- (c) in respect of each Collateral Debt Security disposed of since the last Monthly Report Fixing Date, (i) the ISIN, CUSIP and WKN, as applicable, (ii) the purchase price of such Collateral Debt Security, (iii) the sale price of such Collateral Debt Security, (iv) the difference between such purchase price and sale price, (v) the sector allocation of such Collateral Debt Security, (vi) whether such Collateral Debt Security was a Defaulted Security, a Credit Improved Security, a Deferred Interest PIK Security or a Credit Risk Security at the time of the sale (in each case, as reported in writing to the Collateral Administrator by the Collateral Manager), (vii) if the Interest Diversion Test under Condition 3 is breached, details of the Interest Proceeds reinvested into the Principal Collection Account for the purchase of further Collateral Debt Securities in accordance with paragraph (T) of the Interest Proceeds Priority of Payments and (viii) a consolidated history of all Collateral Debt Securities disposed of after the Closing Date but prior to the relevant Monthly Report Fixing Date;
- (d) in respect of each Collateral Debt Security acquired after the last Monthly Report Fixing Date, (i) the ISIN, CUSIP, WKN, as applicable, (ii) the purchase price of such Collateral Debt Security, (iii) the sale price of such Collateral Debt Security, if applicable, (iv) the sector allocation of such Collateral Debt Security, (v) whether such Collateral Debt Security has since become a Defaulted Security, a Credit Improved Security, a Deferred Interest PIK Security or a Credit Risk Security at the time of acquisition, (vi) the delivery method applicable to such Collateral Debt Security and (vii) a consolidated history of all Collateral Debt Securities acquired after the Closing Date but prior to the relevant Monthly Report Fixing Date;
- (e) in the Monthly Report pertaining to the Determination Date relating to the first Payment Date, whether or not on such Determination Date the Aggregate Principal Balance of Collateral Debt Securities is equal to or higher than the Ramp-Up Test Par Amount; and
- (f) the level of the Event of Default Overcollateralisation Ratio.

Portfolio Criteria:

- (a) the aggregate Principal Balance of all RMBS;
- (b) the aggregate Principal Balance of all Non-Performing Loan Securities and all Non-Conforming Securities;

- (c) the aggregate Principal Balance of all CMBS;
- (d) the aggregate Principal Balance of all RMBS, CMBS, ABS, CDOs, Non-Conforming Securities and Non-Performing Loan Securities linked to assets 50 per cent. or more of which are located in any given country, listed by each country; and a list of all countries in which less than 50 per cent. of such assets are located;
- (e) the Aggregate Principal Balance of all Collateral Debt Securities by country of incorporation or organisation of the relevant obligor;
- (f) the aggregate Principal Balance of all CDOs;
- (g) the aggregate Principal Balance of all ABS;
- (h) the aggregate Principal Balance of all PIK Securities;
- (i) the Aggregate Principal Balance of all Collateral Debt Securities that bear interest at a fixed rate that are not the subject of a Collateral Interest Rate Swap;
- (j) the Aggregate Principal Balance of Collateral Debt Securities with a rating of below "BBB-" by S&P or below "BBB-" by Fitch or, if not rated at all by either Fitch or S&P, below "Baa3" by Moody's;
- (k) the Aggregate Principal Balance of Collateral Debt Securities issued by the same obligor, such Collateral Debt Securities being of the same tranche and the ratings of each such Collateral Debt Security;
- (l) the aggregate Principal Balance of RMBS, issued by a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if not rated at all by either Fitch or S&P, "Baa3" or above by Moody's;
- (m) the aggregate Principal Balance of CMBS, issued by a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if not rated at all by either Fitch or S&P, "Baa3" or above by Moody's;
- (n) the aggregate Principal Balance of Non-Conforming Securities, Non-Performing Loan Securities and CDOs, issued by a particular obligor and rated "BBB-" or above by S&P or "BBB-" or above by Fitch or, if not rated at all by either Fitch or S&P, "Baa3" or above by Moody's;
- (o) the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated "BB+" or below by S&P or "BB+" or below by Fitch or, if not rated at all by either Fitch or S&P, "Baa3" or below by Moody's;
- (p) the Aggregate Principal Balance of Collateral Debt Securities of multiple tranches of a single obligor;
- (q) the Aggregate Principal Balance of Collateral Debt Securities with a public rating by S&P;
- (r) the Aggregate Principal Balance of Collateral Debt Securities with a legal maturity later than 6 October 2054;
- (s) (i) the level of each of the Coverage Tests including a breakdown of the calculation thereof (A) as of the date of each acquisition of a Collateral Debt Security since the last Monthly Report Fixing Date, (B) as of the relevant Monthly Report Fixing Date, and (ii) the level at which each such Coverage Test is satisfied;
- (t) (i) the level of each of the Collateral Quality Tests (A) as of the date of each acquisition of a Collateral Debt Security since the last Monthly Report Fixing Date, calculated both before and after giving effect to such acquisition, (B) as of the relevant Monthly Report Fixing Date, and (ii) the level at which each such Collateral Quality Test is satisfied;
- (u) the calculation of the internal rate of return as of the latest Payment Date for the Subordinated Notes, taking into account the cumulative cashflow paid and received by the Subordinated Noteholders;
- (v) the Aggregate Principal Balance of Collateral Debt Securities serviced by the same servicer and

the aggregate Principal Balance of any related Synthetic Credit Linked Securities and details of any Underlying Collateral and the seller of Reference Obligations;

- (w) the Aggregate Principal Balance of the Eligible Investments purchased with Principal Proceeds;
- (x) for purposes of applying the Standard & Poor's CDO Monitor, the country rating for each country to which a Collateral Debt Security is allocated;
- (y) for purposes of applying the Fitch Recovery Rate the related seniority category of each Collateral Debt Security; and
- (z) for purposes of applying the S&P Recovery Rate, the asset class of each Collateral Debt Security.

Notes:

- (a) (i) the Principal Amount Outstanding of the Notes of each Class, (ii) the Principal Amount Outstanding of the Notes of each Class as a percentage of the Principal Amount Outstanding of the Notes of such Class on the first day of the immediately preceding Interest Period (and (A) in the case of the Class A1 Single Draw Notes, the immediately preceding Single Draw Note Interest Period and (B) in the case of the Class A1 Delayed Draw Notes, the immediately preceding Funding Period), (iii) the amount of any Class C Deferred Interest, (iv) the amount of any Class D Deferred Interest, (v) the amount of principal payments to be made on the Notes of each Class (including the Components of the Combination Notes) on the next Payment Date (including in respect of any Class C Deferred Interest or Class D Deferred Interest) and, in the case of the Class A1 Single Draw Notes, on the next Single Draw Note Payment Date, (vi) the Principal Amount Outstanding of the Notes of each Class after giving effect to such principal payments, (vii) the Principal Amount Outstanding of the Notes of each Class as a percentage of the original Principal Amount Outstanding of the Notes of such Class, and (viii) the Class A1 Funded Amount in respect of the Class A1 Single Draw Notes and the Class A1 Funded Amount in respect of the Class A1 Delayed Draw Notes;
- (b) the Interest Amounts payable to the holders of the Notes (in aggregate and by Class) (including the Components of the Combination Notes) for the following Payment Date and, in the case of the Class A1 Single Draw Notes, for the following Single Draw Note Payment Date, including a history of all previous Interest Amounts so payable;
- (c) any Potential Event of Default and any Event of Default (including an Event of Default which has been cured pursuant to Condition 9(c) (*Events of Default – Curing of Default*));
- (d) the occurrence of any Delayed Draw Note Funding Event of Default and any Single Draw Note Funding Event of Default; and
- (e) for any twelve months period a history of all amounts paid under Condition 3(b)(i)-(iv).

Single Draw Note Payment Date and Payment Date Payments:

- (a) the Administrative Expenses to be paid on the following Payment Date or paid during the relevant Due Period on an itemised basis;
- (b) each of the Class A1 Rate of Interest, the Single Draw Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and the Class D Rate of Interest for the Interest Period, Single Draw Note Interest Period or Funding Period ending on the next Payment Date or Single Draw Note Payment Date, as the case may be;
- (c) if the Monthly Report is being issued as of a Determination Date or a Single Draw Note Determination Date, the Issuer Senior Expenses, the Liquidity Drawing Base, the relevant Shortfall (if any), the details of the relevant Liquidity Drawing (if any), the Liquidity Facility Fee, the interest payable on the Liquidity Facility and the amount that will be available to the Issuer to repay the Liquidity Loan on the next Payment Date; and
- (d) the amounts paid to the Subordinated Noteholders.

Accounts:

- (a) for the Interest Collection Account:

- (i) the balance on deposit in the Interest Collection Account;
 - (ii) if the Monthly Report is being issued as of a Determination Date or a Single Draw Note Determination Date:
 - (A) the amounts payable from the Interest Collection Account pursuant to Condition 3(b) on the Business Day prior to the next Payment Date or Single Draw Note Payment Date, as the case may be; and
 - (B) the balance remaining in the Interest Collection Account immediately after all payments and deposits to be made on such Business Day; and
 - (iii) if the Monthly Report is being issued as of a Determination Date, the amount of any Class C Deferred Interest or Class D Deferred Interest that may arise on the Class C Notes or the Class D Notes, respectively, in respect of any Due Period;
- (b) for the Principal Collection Account:
- (i) the balance on deposit in the Principal Collection Account;
 - (ii) if a Monthly Report is being issued as of a Determination Date or a Single Draw Note Determination Date:
 - (A) the amounts payable from the Principal Collection Account pursuant to Condition 3(b) (*Status – Pre-Enforcement Priorities of Payment*) on the Business Day prior to the next Payment Date or Single Draw Note Payment Date, as the case may be; and
 - (B) the balance remaining in the Principal Collection Account immediately after all payments and deposits to be made on such Business Day;
- (c) the balance of the Interest Collection Account, the Principal Collection Account, the Payment Account, the Expense Account, the Initial Proceeds Account, the Subordinated Collateral Management Fee Account and any Liquidity Downgrade Drawing Account and a description of the Eligible Investments, if any, acquired from amounts standing to the credit of any Account;
- (d) the source and amount of any proceeds in the Interest Collection Account and Principal Collection Account received since the last Monthly Report Fixing Date;
- (e) the aggregate amount, if any, by which the notional amount of any of the Collateral Interest Rate Swaps has been reduced since the last Monthly Report Fixing Date; and
- (f) the ratings of (A) the Account Bank, (B) the Custodian, (C) the Hedge Counterparty, and (D) the Liquidity Facility Provider; and the Required Rating of each of them and the amount of any collateral posted by the Liquidity Facility Provider and/or the Hedge Counterparty.

Other

- (a) any Measurement Date that has been determined in accordance with item (ix) of the definition of Measurement Date; and
- (b) the Aggregate Principal Balance of Collateral Debt Securities and Eligible Investments disposed of (other Collateral Debt Securities substituted for the purpose of ensuring the size, the maturity and the risk structure of the Portfolio) within the twelve months period immediately preceding the Monthly Report Fixing Date.

Governing Law

The Collateral Administration Agreement will be governed by the laws of the Federal Republic of Germany.

DESCRIPTION OF THE COLLATERAL ADMINISTRATOR, THE ACCOUNT BANK AND THE CALCULATION AGENT

Deutsche Bank AG, London Branch acts as the Collateral Administrator, the Account Bank and the Calculation Agent.

Deutsche Bank and Deutsche Bank Group

Deutsche Bank Aktiengesellschaft ("**Deutsche Bank**") originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking company with limited liability incorporated under the laws of Germany under registration number HRB 30 000. Deutsche Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main, Germany.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the "**Deutsche Bank Group**").

Deutsche Bank AG, London Branch

"Deutsche Bank AG London Branch" has its address at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and is the London branch of Deutsche Bank AG. On 12 January 1973, Deutsche Bank AG filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London Branch is an authorized person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

As of 31 December 2004, the issued share capital of Deutsche Bank amounted to €1,392,266,869.76 consisting of 543,854,246 ordinary shares of no par value. The shares are fully paid up and in registered form. The shares are listed for trading and official quotation on all the German Stock Exchanges. They are also listed on the Stock Exchanges in Amsterdam, Brussels, London, Luxembourg, New York, Paris, Tokyo, Vienna and Zurich.

As of 31 December 2004, based on audited financial statements prepared pursuant to United States Generally Accepted Accounting Principles (U.S. GAAP), Deutsche Bank Group had total assets of €840,068 million, total liabilities of €814,164 million and total shareholders' equity of €25,904 million.

The long-term senior debt of Deutsche Bank has been assigned a rating of AA- (outlook stable) by Standard & Poor's, Aa3 (outlook stable) by Moody's Investors Services and AA- (outlook stable) by Fitch Ratings.

Deutsche Bank is not affiliated with the Issuer.

Responsibilities of the Collateral Administrator

For a description of the duties of the Collateral Administrator, see "The Collateral Administration Agreement".

Termination of the Collateral Administrator

The Collateral Administration Agreement will terminate automatically upon the payment and redemption in full of the Notes and the liquidation of the Mortgaged Property and the final distribution of the proceeds of such liquidation as provided in the Conditions, whichever occurs earlier.

The Collateral Administration Agreement may be terminated without cause by any party thereto by

giving at least 60 days' prior written notice to each of the other parties thereto.

Furthermore, the Collateral Administration Agreement may (and if so instructed by a Majority of the Notes (including the holders of the relevant Components of the Combination Notes, as applicable), shall) be terminated by the Issuer for cause by giving at least 10 Business Days' prior written notice to the Collateral Administrator upon the occurrence of certain events, including a breach of the Collateral Administrator of its obligations, representations of the Collateral Administrator being materially incorrect or misleading, the dissolution of the Collateral Administrator, certain merger events affecting the Collateral Administrator and the appointment appoint a receiver or liquidator with respect to the Collateral Administrator.

Any termination of the Collateral Administration Agreement (other than an automatic termination) will only become effective upon appointment of a replacement collateral administrator by the Issuer, provided that such replacement collateral administrator has agreed in writing to assume all of the Collateral Administrator's duties and obligations under the Collateral Administration Agreement and the other Transaction Documents, the Trustee has given its prior written consent to such replacement and Rating Agency Confirmation has been provided to the Trustee in respect of any such appointment.

Responsibilities of the Calculation Agent

As set forth in the Conditions and the Agency Agreement, the duties of the Calculation Agent include, on each Interest Determination Date, the determination of the applicable rate of interest on each of the Notes for each Interest Period, the determination of the Interest Amount in respect of each of the Notes and of the Interest Amount in respect of the Funding in respect of the Class A1 Single Draw Notes and each of the Class A1 Delayed Draw Notes and the applicable Payment Date or Single Draw Note Payment Date.

Termination of the Calculation Agent and Appointment of a Replacement Calculation Agent

Pursuant to the terms of the Agency Agreement, the Issuer may at any time, with the prior written approval of the Trustee and prior written notice to the Rating Agencies, terminate the appointment of the Calculation Agent upon, inter alia, giving to the Noteholders not more than 60 nor less than 45 days' notice thereof in accordance with Condition 15. Furthermore, the appointment of the Calculation Agent may forthwith be terminated by the Issuer, with the prior written approval of the Trustee, if the Calculation Agent becomes subject to certain bankruptcy or insolvency events.

Under the Agency Agreement the Issuer may appoint a replacement Calculation Agent subject to the prior written consent of the Trustee (such consent to be given subject to the Rating Agency Confirmation) and on substantially the same terms as set forth in the Agency Agreement.

The information set forth above under the headings "Deutsche Bank and Deutsche Bank Group" and "Deutsche Bank AG, London Branch" has been provided by Deutsche Bank AG, London Branch, and neither the Issuer nor any other party assumes any responsibility for its contents.

GERMAN TAX CONSIDERATIONS

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY IN WHICH THEY ARE RESIDENT.

Tax Residents

Payments of interest on the Notes, including interest having accrued up to the disposition of a Note and credited separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note ("**Accrued Interest**"), if any, to persons who are tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5% thereon). Such interest may also be subject to trade tax if the Notes form part of the property of a German trade or business. If coupons are disposed of separately, the proceeds from the disposition of the coupons are subject to tax. The same applies to proceeds from the redemption of coupons if the note is disposed of separately. Accrued Interest paid upon the acquisition of the Notes may give rise to negative income if the Note is held as a non-business asset.

If for the determination of the issue price of the Note the redemption amount is reduced by a discount or if the redemption amount is increased as compared with the issue price of the Note (as, for example, in the case of a discounted Note or a Note with accrued interest added), the difference between the redemption amount and the issue price of the Note ("**Original Issue Discount**") realised when a Note held as a non-business asset is redeemed by its initial subscriber will constitute taxable investment income, however, only if the Original Issue Discount exceeds certain thresholds; in such case, the Note is classified as a financial innovation under German tax law.

Upon the disposition, assignment or redemption of a Note a holder holding the Note as a non-business asset will have to include in his taxable income further amounts if the Note can be classified as a financial innovation (*Finanzinnovation*) under German tax law (including, among other things, zero coupon notes, floating rate notes or discounted notes, provided the discount exceeds certain thresholds). In this case, generally the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price is deemed to constitute interest income subject to income tax (plus the solidarity surcharge) in the year of the disposition, assignment or maturity of the Note. Alternatively, the holder of the Note may show that such difference is greater than the excess of the redemption over the issue price of the Note to the extent this excess amount is attributable to the period over which the holder has held such Note (the "prorated excess amount"). In this case only such prorated excess amount is taxed as interest income, provided that the Note has an identifiable yield to maturity.

Where a Note forms part of the property of a German trade or business, in each year the part of the difference between the issue price of the Note and its redemption price attributable to such year as well as interest accrued must be taken into account as income and may also be subject to trade tax.

Capital gains from the disposition of Notes, other than income described in the preceding paragraph, are only taxable to a German tax-resident individual if the Notes are disposed of within one year after

their acquisition or form part of the property of a German trade or business. In the latter case the capital gains may also be subject to trade tax.

Capital gains derived by German-resident corporate holders of Notes will be subject to corporate income tax (plus solidarity surcharge at a rate of 5.5% thereon) and trade tax, even if the Notes cannot be classified as financial innovations.

If the Notes are held in a custodial account which the German-resident Noteholder maintains with a German branch of a German or non-German bank or financial services institution (the "**Disbursing Agent**") a 30% withholding tax on interest payments (*Zinsabschlag*), plus 5.5% solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65% of the gross interest payment. Withholding tax is also imposed on Accrued Interest. If the Notes can be classified as financial innovations, as explained above, withholding tax at the aforementioned rate will also be withheld from the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Notes if the Note has been kept in a custodial account with such Disbursing Agent since the time of issuance or acquisition, respectively. If the Notes have been transferred into the custodial account of the Disbursing Agent after subscription or acquisition, withholding tax at the aforementioned rate will be levied on a lump-sum basis on 30% of the proceeds from the disposition, assignment or redemption of the Notes.

In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. In general, no withholding tax will be levied if the holder of a Note is an individual (i) whose Note does not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property, and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of the Note has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If the Notes are not kept in a custodial account with a Disbursing Agent, withholding tax will apply at a rate of 35% (plus solidarity surcharge at a rate of 5.5% thereon), resulting in a total tax charge of 36.925% of the gross amount of interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the Note to which it appertains) to a holder of such coupon (other than a non-German financial or financial services institution). If the Notes are not kept in a custodial account with a Disbursing Agent, withholding tax at the aforementioned rate will also be levied on the proceeds from the disposition of a coupon and, if the Notes can be classified as financial innovations, on 30% of the proceeds from the disposition, assignment or redemption of a Note. Where the 35% withholding tax (plus solidarity surcharge) applies, no Accrued Interest paid may be deducted in determining the withholding tax base.

Withholding tax and the solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts overwithheld will entitle the holder of a Note to a refund, based on an assessment to tax.

Nonresidents

Interest, including Accrued Interest and (in the case of financial innovations) Original Issue Discount, and capital gains derived by persons not resident in Germany are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of a Note, or (ii) the interest income otherwise constitutes German source income (such as income from the letting and leasing of certain German-situs property). In the cases of (i) and (ii) a tax regime similar to that explained above at "Tax Residents" applies; capital gains from the disposition of Notes are, however, only taxable in the case of (i).

Nonresidents are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the

preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above at "Tax Residents".

Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition, assignment or redemption of a Note or coupon are paid by a Disbursing Agent to a Nonresident, the withholding tax will apply at a rate of 35% as explained above at "Tax Residents", provided the interest is subject to German taxation as set forth in the first paragraph of this subsection ("Nonresidents"). It should be noted that this will be the case if a Nonresident redeems a coupon with a Disbursing Agent provided that the Notes are not kept in a custodial account with the Disbursing Agent.

The withholding tax may be refunded based upon an applicable tax treaty.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

EU Savings Tax Directive

On June 3, 2003, the Council of the European Union approved a directive (EC Directive 2003/48/EC) regarding the taxation of interest income (the "**EU Savings Tax Directive**"). Accordingly, each EU member state must require paying agents (within the meaning of the directive) established within its territory to provide to its competent authority details of the payment of interest made to any individual resident in another EU member state as the beneficial owner of such interest. The competent authority of the EU member state of the paying agent (within the meaning of the EU Savings Tax Directive) is then required to communicate this information to the competent authority of the EU member state of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 15% for the first three years from application of the provisions of such directive, of 20% for the subsequent three years, and of 35% from the seventh year after application of the provisions of such directive.

In conformity with the pre-requisites for the application of the EU Savings Tax Directive, Switzerland, Liechtenstein, San Marino, Monaco and Andorra have confirmed that from July 1, 2005 they will apply measures equivalent to those contained in such directive, in accordance with agreements entered into by them with the European Community. It has also been confirmed that certain dependent or associated territories (the Channel Islands, the Isle of Man and certain dependent or associated territories in the Caribbean) will apply from that same date an automatic exchange of information or, during the transitional period described above, a withholding tax in the described manner. Consequently, the Council of the European Union noted that the conditions have been met to enable the provisions of the EU Savings Tax Directive to enter into force as from July 1, 2005.

By legislative regulations dated January 26, 2004 the Federal Government enacted the provisions for implementing the EU Savings Tax Directive into German law. These provisions apply as from July 1, 2005. Holders should note that the Issuer will not pay any additional amounts in respect of any withholding tax imposed as a result of the EU Savings Tax Directive or otherwise.

Taxation of the Issuer

Liability of the Issuer to German taxes on profits. Business profits derived by the Issuer would be subject to German corporate income tax if the Issuer were considered to have its place of effective management and control or otherwise maintained a permanent establishment (*Geschäftsleitung* or *Betriebsstätte*), or appointed a permanent representative (*ständiger Vertreter*), for its business in Germany. Business profits derived by the Issuer would be subject to German trade tax if the Issuer were considered to have its place of effective management and control or otherwise maintained a permanent establishment for its business in Germany, and to the extent that any net income derived by the Issuer were attributable to such permanent establishment.

For German tax purposes, the place of effective management and control of the Issuer is defined as the place where the preponderance of managerial decisions is taken that are relevant in conducting the day-to-day business of the Issuer. The place of effective management and control constitutes a permanent establishment. A permanent establishment is otherwise constituted by any fixed place of business or facility which serves the purposes of the Issuer and over which the Issuer's management has effective power of disposal (*Verfügungsmacht*), such as an office or a branch. A permanent representative of the Issuer is defined as a person who habitually acts in an agency capacity and subject to the instructions of the Issuer in respect of business dealings of the Issuer, in particular concludes contracts in the name of the Issuer or acts as an intermediary with respect to contracts concluded by the Issuer. Pursuant to the German-Luxembourg Double Taxation Treaty, persons acting in the capacity of a broker, general commission agent, or any other agent of independent status in the ordinary course of its business would not qualify as a permanent representative. Other than the Accounts and the Custody Account which are held by the Issuer and outside of Germany and managed by an agent of the Issuer from outside of Germany and would therefore not constitute a German permanent establishment, the only activity in Germany which could be attributable to the Issuer for tax purposes would be the functions performed by the Collateral Manager. Although these functions are economically significant for the Issuer, the Collateral Manager will act in an advisory capacity and perform certain administrative functions only. The Collateral Manager will furthermore not enter into contracts in the name of, and having a binding effect on, the Issuer. Given that the Collateral Manager will act as an agent of independent status in the ordinary course of its business, its contract intermediation services would not qualify it as a permanent representative of the Issuer pursuant to the relevant provisions of the German- Luxembourg Double Taxation Treaty. All material management decisions regarding the investments or divestments advised and proposed by the Collateral Manager will be taken outside Germany on behalf of the Issuer by the Investment Board whose members are non-German resident officers or employees of the capital markets division of Hypo Real Estate Bank International or HI Asset Management, Inc. or any non-German subsidiary of Hypo Real Estate Bank International and not employees of the Collateral Manager. Moreover, the Investment Board will enter into all agreements regarding the purchase and sale of securities on behalf of the Issuer. The Issuer has been advised that on this basis, its core management functions would not be performed in Germany, it would not have the power to dispose of business premises in Germany, it would not engage the activities of a person having the power to bind it contractually and consequently, the Issuer would not be subject to German corporate income tax or trade tax.

Investors should note, however, that there can be no assurance that the German tax authorities or courts would agree with this assessment. If the Issuer were treated as effectively managed and controlled or otherwise maintaining a permanent establishment, or as appointing a permanent representative, in Germany, the Issuer would be subject to German corporate income tax. In calculating the corporate income tax base the Issuer would, however, be entitled to deduct all expenses accrued in a given tax year, including the interest currently payable on the Notes. The Issuer could therefore be expected to have a relatively small if not a flat corporate income tax base. By contrast, if the Issuer were viewed as maintaining a permanent establishment at its place of effective management and control, or otherwise, in Germany and the tax authorities were to take the position that the requirements of a non-German permanent establishment to which the indebtedness of the Issuer under the Notes may be attributed are not met, trade tax would arise with respect to taxable income of the Issuer attributable to its German permanent establishment. In that case, the net income subject to trade tax would be computed by including in such income half of the interest paid by the Issuer under the

Notes.

German Value Added Tax. It is expected that the advisory services supplied by the Collateral Manager will be deemed supplied where received, i.e. at the situs of the Issuer's place of effective management and control in Luxembourg. This presupposes, *inter alia*, that the Issuer will be treated as a taxable person (*entrepreneur*) for the purposes of the German VAT Act. If, against expectations, the Issuer did not qualify as a taxable person, the services would be viewed as supplied in Germany. In that case the services would arguably fall into an exempt category of services such as the procurement of transactions relating to receivables, commercial instruments and securities (*Vermittlung von Umsätzen im Geschäft mit Forderungen, Handelspapieren und Wertpapieren*). If the German tax administration were to reject this view, the services would be subject to German VAT, but this would be a tax on the Collateral Manager and not on the Issuer.

Application of the German Investment Tax Act

The Issuer will be acquiring and disposing of a diversified and managed portfolio consisting mainly of Structured Finance Securities. Due to this fact and to further circumstances, a German resident Noteholder could be viewed as having acquired in substance units of a foreign investment fund, i.e. an asset that represents units in respect of a portfolio of assets within the meaning of the German Investment Act (*Investmentgesetz*; "IA"), which portfolio consists of securities falling within the scope of the IA and is invested according to the principle of risk diversification as required by §§ 1, 2nd sentence, 2(8) IA.

There are good and valid reasons why the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes should not be treated as falling under the IA as the holders of such Notes will not, in the ordinary course of the transaction, effectively participate in the Issuer's profits or losses. According to a Federal Ministry of Finance circular dated June 2, 2005, CDOs do not constitute investment units if the investors do not effectively participate in the issuer's profits or losses. Such participation should not occur with respect to the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes. However, there is a more evident risk that the relevant tax authorities would view the Subordinated Notes and the Combination Notes as profit or loss participating. Nevertheless, based on the said circular, the latter Notes would also not qualify as foreign investment units if, apart from the substitution of securities (*Schuldtitle*) for the purpose of ensuring the size, the maturity and the risk structure only up to 20% per annum of the assets (*Vermögen*) of the issuer may, pursuant to the contractual terms, be traded on a discretionary basis. As the language of Portfolio Provision 2(K) covers the 20% cap, the Notes should not qualify as foreign investment units.

It may be expected that the tax authorities follow the interpretation of the IA and the Investment Tax Act (*Investmentsteuergesetz*; "ITA") as laid down in the Federal Ministry of Finance circular dated June 2, 2005 and that, if they decide to adopt a different position, they would – although this cannot be ruled out entirely – not do this with retroactive or retrospective effect. The tax authorities may, however, change their position with effect for the future. In addition, it needs to be noted that the circular has no binding effect on tax courts and that it cannot be ruled out that a tax court would take a different position and characterise such Notes as investment units. If this were the case or if, to some extent contrary to expectations, the tax authorities changed their position with respect to a characterization of CDOs as investment funds, it cannot be ruled out that the entire issue of Notes could be qualified as investment units as a consequence. If one or more Classes of Notes were to be qualified as investment units within the IA, the tax rules of the ITA would apply.

Prospective German purchasers of the Notes are strongly advised to consult their own tax advisors as to whether and to what extent the reporting requirements pursuant to the Transaction Documents meet the requirements stipulated in the ITA for a fully transparent investment fund. If such requirements were not fully met and the Notes were to be characterised as investment units under the IA, a German Noteholder would, in principle, be taxed annually based on the distributions, interim earnings (*Zwischengewinn*) and, in addition, 70% of the excess of the last determined redemption price, market price or stock exchange price of the underlying units for the calendar year over the first determined redemption price, market price or stock exchange price of the underlying units for the calendar year; in any case a minimum of 6% of the redemption price, market

price or stock exchange price last determined for the calendar year is taken into account in accordance with § 6 ITA.

LUXEMBOURG TAX CONSIDERATIONS

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Taxation of the Issuer

From a Luxembourg perspective, the Issuer should be considered a fiscal resident of Luxembourg both for purposes of Luxembourg domestic tax law and for purposes of the tax treaties entered into by Luxembourg and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Issuer will be liable for Luxembourg corporation taxes. The standard applicable rate, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is 30.38 per cent. for the fiscal year ending 31 December, 2005. Liability for such corporation taxes extends to the Issuer's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Issuer is computed by application of all rules of the Luxembourg income tax law of 4 December, 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities. Under certain conditions, dividends received by the Issuer from qualifying participations and capital gains realised by the Issuer on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption.

The Issuer may further deduct from its taxable profits interest payments made or accrued to the holders of Notes, as well as commitments to holders of Notes. Indeed, in accordance with the Securitization Act of 2004, payments made or accrued by the Issuer to investors and firm commitments by the Issuer to distribute its net profits to its investors are deemed tax deductible expenses in relation to the year in which they are incurred, regardless whether the investors hold equity or debt securities of the Issuer and regardless of the date of actual payment.

The Issuer will be exempt from wealth tax (*impôt sur la fortune*).

Taxation of the Noteholders

Withholding Tax

Under Luxembourg tax laws currently in effect, there is no withholding tax for resident and non-resident holders on payments of principal or interest, or on accrued but unpaid interest, nor is any Luxembourg withholding tax payable on payments received upon redemption, repurchase, or exchange of the Notes, except for interest payments made by a Luxembourg paying agent to individual beneficial owners who are tax resident of (i) another EU member state, pursuant to the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments, or (ii) of certain non-EU countries and territories which have agreed to adopt similar measures than those provided for under the Council Directive 2003/48/EC, which are subject to withholding tax. Responsibility for the withholding of such tax will be assumed by the Luxembourg paying agent and not by the Issuer except if the Issuer would be considered as paying agent.

Taxes on Income and Capital Gains

Noteholders will not become residents, or be deemed to be resident in Luxembourg by reason only of the holding of the Notes.

Noteholders who are non-residents of Luxembourg and who do not hold the Notes through a permanent establishment in Luxembourg are not liable to Luxembourg income tax on (i) payments of principal or interest, (ii) accrued but unpaid interest, (iii) payments received upon redemption, repurchase or the exchange of the Notes, or (iv) capital gains on the sale of any Notes.

Noteholders resident in Luxembourg who are fully taxable, or non-resident Noteholders who have a

permanent establishment in Luxembourg with which the holding of the Notes is connected, must for income tax purposes include any interest received or accrued in their taxable income. They will not be liable for any Luxembourg income tax on repayment of principal.

Individual Luxembourg resident Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes, or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon a repurchase, redemption or exchange of the Notes, individual Luxembourg resident Noteholders must however include the portion of the repurchase, redemption or exchange price corresponding to accrued but unpaid interest in their taxable income.

A Luxembourg resident Noteholder that is governed by any of the following: (i) the law of 31 July 1929 on pure holding companies; (ii) the laws of 30 March 1988 and of 20 December 2002 on investment funds; (iii) the law of 22 March 2004 on securitisation; and (iv) the law of 15 June 2004 on the investment company in risk capital, will, under certain conditions, not be subject to any Luxembourg income tax in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal of Notes.

A corporate entity, or "*société de capitaux*", which is a Luxembourg resident Noteholder, or a foreign entity of the same type which has a Luxembourg permanent establishment, will need to include in its taxable income the difference between the sale, repurchase, redemption or exchange price (including accrued but unpaid interest) and the lower of cost or book value of the Notes sold, repurchased, redeemed or exchanged. These Noteholders should not be liable for any Luxembourg income tax on repayment of principal upon repurchase, redemption or exchange of the Notes.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by a Noteholder as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption or repurchase of the Notes.

No estate or inheritance taxes are levied on the transfer of the Notes upon the death of the Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Where a Noteholder is a resident for tax purposes of Luxembourg at the time of his death, the Notes are included in his taxable estate, for inheritance tax or estate tax purposes. Gift tax may be due on a gift or donation of Notes, if the gift is recorded in a deed passed in front of a Luxembourg notary or registered in Luxembourg.

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such Noteholder is a resident in Luxembourg for the purpose of the relevant legal provisions; or (ii) the Notes are attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg. In such a case, the Noteholder must take the Notes into account for the purposes of Luxembourg wealth tax, except, under certain circumstances, if the Noteholder is governed by any of the following: (i) the law of 31 July 1929 on pure holding companies; (ii) the laws of 30 March 1988 and of 20 December 2002 on investment funds; (iii) the law of 22 March 2004 on securitisation; and (iv) the law of 15 June 2004 on the investment company in risk capital.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, member states are required, from 1 July 2005, to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

BOOK-ENTRY CLEARANCE PROCEDURES RELATING TO GLOBAL BEARER NOTES

The information set out below has been obtained from sources which the Issuer believes to be reliable, but prospective investors should make their own enquiries as to such procedures. In particular, such information is subject to any change in the interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator or any Agent will have any responsibility for the performance by the Clearing Systems or their respective participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in Global Bearer Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisations which are accountholders therein.

Bearer Notes

The Issuer will make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems of the Bearer Notes to be represented by a Global Bearer Note to be held in such clearing systems. Each such Global Bearer Note will have an ISIN and a Common Code and will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Payments and Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Bearer Note represented by a Global Bearer Note must look solely to Euroclear or Clearstream, Luxembourg for his share of each payment made by the Issuer to the holder of such Global Bearer Note and in relation to all other rights arising under the Global Bearer Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Bearer Notes represented by a Global Bearer Note, the common depository by whom such Global Bearer Note is held will immediately credit the relevant accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bearer Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by accountholders in any Clearing System to owners of beneficial interests in any Global Bearer Note held through such accountholders in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons will have no claim directly against the Issuer in respect of payments due on the Bearer Notes for so long as the Bearer Notes of each Class are represented by a Global Bearer Note and the obligations of the Issuer will be discharged by payment to the holder of such Global Bearer Note in respect of each amount so paid. None of the Issuer, the Trustee, the Collateral Manager, the

Investment Board Provider, the Collateral Administrator or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Bearer Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Bearer Notes

Subject to the rules and procedures of each Clearing System, purchases of Bearer Notes represented by a Global Bearer Note held within a Clearing System must be made by or through accountholders, which will receive a credit for such Bearer Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Bearer Note (the "**Beneficial Owner**") will in turn be recorded on the records of the relevant accountholder. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the relevant accountholder through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Bearer Notes represented by a Global Bearer Note held within the Clearing System will be effected by entries made on the books of accountholders, as the case may be, acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Bearer Notes, unless, and until an interest in any Global Bearer Note held within a Clearing System is exchanged for Definitive Bearer Notes.

No Clearing System has knowledge of the actual Beneficial Owners of the Bearer Notes represented by a Global Bearer Note held within such Clearing Systems and their records will reflect only the identity of the accountholders to whose accounts such Bearer Notes are credited, which may or may not be the Beneficial Owners. The accountholders will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to accountholders and by accountholders to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Noteholders holding interests in Bearer Notes represented by a Global Bearer Note through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Interests in such Bearer Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg accountholders on the business day following the Closing Date (backdated to the Closing Date) against payment for value on the Closing Date.

Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

On or after the Closing Date, transfers between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Bearer Notes and cross-market transfers of the Bearer Notes associated with secondary market trading.

Although Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Bearer Notes among accountholders of Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator or any Agent will have any responsibility for the performance by Clearstream, Luxembourg or Euroclear or their respective accountholders of their respective obligations under the rules and procedures governing their operations.

SUBSCRIPTION AND SALE

Subject to the terms and conditions set out in the Notes Placement Agreement, the Issuer has agreed to issue and the Notes Placement Agent has agreed to use its reasonable endeavours to procure purchasers to subscribe for the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes and the Combination Notes. Subject to the terms and conditions set out in the Class A1 Notes Purchase Agreement, the Issuer has agreed to issue, the Class A1 Single Draw Notes Purchaser has agreed to purchase from the Issuer the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes Purchaser has agreed to purchase from the Issuer the Class A1 Delayed Draw Notes.

The obligations of the Notes Placement Agent under the Notes Placement Agreement and of the Class A1 Notes Purchasers under the Class A1 Notes Purchase Agreement are subject to certain conditions precedent. The Notes Placement Agent is entitled to terminate the Notes Placement Agreement and each of the Class A1 Notes Purchasers is entitled to terminate the Class A1 Notes Purchase Agreement if any of the conditions are not satisfied on or prior to the Closing Date. The Notes Placement Agent is entitled to an upfront placement fee and the Placement Instalments in accordance with the terms of the Notes Placement Agreement.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes Placement Agent has agreed with the Issuer that it will not offer, sell or deliver the Notes (other than Class A 1 Single Draw Notes and the Class A1 Delayed Draw Notes), and each of the Class A1 Notes Purchasers has agreed that it will not offer, sell or deliver the Class A 1 Single Draw Notes and the Class A1 Delayed Draw Notes, as relevant, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes or the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Securities Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

The Notes (except for the Class A1 Single Draw Notes) will be in bearer form for U.S. federal income tax purposes and therefore 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 this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Notwithstanding that the Class A1 Delayed Draw Notes will be issued in registered form at the Closing Date, the Class A1 Delayed Draw Notes will convert into bearer form on the Class A1 Consolidation Date and so will be deemed to be in bearer form as of the Closing Date for U.S. federal income tax purposes.

United Kingdom

The Notes Placement Agent has represented to and agreed with the Issuer in the Notes Placement Agreement, and each of the Class A1 Notes Purchasers has represented to and undertaken with the Issuer in the Class A1 Notes Purchase Agreement, that:

- (a) 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 Financial Services and Markets Act (the "FSMA")) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does

not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

The Notes Placement Agent has represented to and agreed with the Issuer in the Notes Placement Agreement, and each of the Class A1 Notes Purchasers has represented to and undertaken with the Issuer in the Class A1 Notes Purchase Agreement, that it has complied with, and will comply with applicable provisions of the Investment Intermediaries Act 1995 (as amended) of Ireland, including, without limitation, Sections 9, 23 (including any advertising restrictions made thereunder) and 50 and code of conduct issued under Section 37.

The Grand Duchy of Luxembourg

In relation to the Grand Duchy of Luxembourg ("**Luxembourg**"), which has implemented the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**") by the Luxembourg act dated 10 July 2005 relating to prospectuses for securities (the "**Prospectus Act 2005**"), each of the Notes Placement Agent and the Class A1 Notes Purchasers has represented and undertaken that it has not made and will not make an offer of Notes to the public in Luxembourg, except that it may make an offer of Notes to the public in Luxembourg:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the *Commission de surveillance du secteur financier* (the "**CSSF**"), as competent authority in Luxembourg or, where appropriate, approved in another member state of the European Economic Area which has implemented the Prospectus Directive and notified to the CSSF, all in accordance with the Prospectus Directive and ending on the date which is twelve months after the date of such publication;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and retirement funds and their management companies, commodity dealers as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities);
- (c) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations);
- (d) at any time, to any legal entities which have two or more of (i) an average number of employees during the financial year of at least 250, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in their last annual or consolidated accounts;
- (e) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons and small or medium-sized enterprises considered as qualified investors as held by the CSSF; and
- (f) at any time, in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 5 of the Prospectus Act 2005.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in Luxembourg means, in accordance with Article 2-1(1) of the Prospectus Act 2005 and Article 2-1(d) of the Prospectus Directive, the communication in any form by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to these Notes.

Germany

The Notes Placement Agent has represented and agreed with the Issuer in the Notes Placement

Agreement that it has not, and will not, offer or sell the Notes (other than Class A 1 Single Draw Notes and the Class A1 Delayed Draw Notes) to investors other than investors who professionally invest in securities in such manner and to such extent that a German language translation of the Conditions is not necessary for such investor to fully understand the terms thereof.

Spain

Until the Prospectus Directive has been implemented into Spanish law, the Notes may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1988 de 28 de julio, del Mercado de Valores*, as amended by Law 37/1998 of November 16) and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992 de 27 de marzo, sobre emisiones y ofertas públicas de venta de valores*), as amended or restated by Royal Decree 2590/1998 of December 7 ("R.D. 291/92"), and further subsequent legislation.

This Prospectus is neither verified nor registered in the administrative registries of the *Comisión Nacional del Mercado del Valores*, and therefore a public offer for subscription of the Notes will not be carried out in Spain. Notwithstanding that and in accordance with Article 7 of R.D. 291/92, a private placement of the Notes addressed exclusively to institutional investors (as defined in Article 7.1(a) of R.D. 291/92) may be carried out.

Japan

The Notes have not been, and will not be, registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Neither the Notes nor any interest therein shall be offered, sold, resold or otherwise transferred, directly or indirectly, in Japan or to or for the account of any resident of Japan except in circumstances which result in compliance with an exemption from the registration provisions of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan. For the purpose of this paragraph, "**resident of Japan**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan, and, with respect to any entity organised under the laws of a jurisdiction other than Japan, its branches or offices located in Japan.

France

Until the Prospectus Directive has been implemented into French law, the Notes Placement Agent has represented to and agreed with the Issuer in the Notes Placement Agreement, and each of the Class A1 Notes Purchasers has represented to and undertaken with the Issuer in the Class A1 Notes Purchase Agreement, that (i) it has not offered, marketed, distributed, sold, resold or otherwise transferred and will not offer, market, distribute, sell, resell or otherwise transfer, directly or indirectly, any Notes to the public in the Republic of France, and (ii) any offers, marketing, distributions, sales, re-sales or other transfers of Notes in the Republic of France have been and will only be made to qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with article L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October, 1998.

Until the Prospectus Directive has been implemented into French law, the Notes Placement Agent has represented to and agreed with the Issuer in the Notes Placement Agreement, and each of the Class A1 Notes Purchasers has represented to and undertaken with the Issuer in the Class A1 Notes Purchase Agreement, that the Notes have not been and will not be subject to any approval by or registration (*visa*) with the French *Autorité des Marchés Financiers*. The direct or indirect offer, marketing, distribution, sale, re-sale or other transfer of the Notes to the public in the Republic of France must comply with articles L. 411-1, L.411-2, L.412-1 and L.621-8 of the French *Code monétaire et financier*.

In addition, each of the Notes Placement Agent, the Class A1 Notes Purchasers and the Issuer has represented and undertaken that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France the Prospectus or any other offering material relating to the Notes other than to investors to whom offers, marketing, distributions, sales, re-sales or other transfers of Notes in the Republic of France may be made as described above.

Cayman Islands

The Notes may not be sold by or on behalf of the Issuer within the Cayman Islands (nor may they be

offered from a place of business in the Cayman Islands or through an internet service provider or other electronic service provider located in the Cayman Islands) if such sale (or offering) would require the Issuer to be registered as a foreign company under the Companies Law (2004 Revision) of the Cayman Islands.

General

Other than the application to the IFSRA as competent authority under EC Directive 2003/71/EC for the prospectus to be approved and to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus within the meaning of EC Directive 2003/71/EC as implemented into Irish law in any jurisdiction. Accordingly, the Notes Placement Agent has agreed with the Issuer in the Notes Placement Agreement, and each of the Class A1 Notes Purchasers has represented to and undertaken with the Issuer in the Class A1 Notes Purchase Agreement, that it will not, directly or indirectly, offer or sell any Notes in any country or jurisdiction where action for that purpose is required and neither this Prospectus nor any other circular, prospectus, form of application, advertisement or other material will be distributed by it in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations.

LISTING AND GENERAL INFORMATION

1. The issue of the Notes, the creation of the security relating thereto and the entry into of the Transaction Documents and the other relevant documents to which it is a party were authorised by a resolution of the Board of Directors of the Issuer passed on September 26, 2005.
2. The Issuer was incorporated in the Grand Duchy of Luxembourg on 16 September 2005 and is registered with the Luxembourg trade and companies register under number B. 110721.
3. Since the date of its incorporation, the Issuer has not commenced operations and no statutory accounts have been made up as of the date of this Prospectus.
4. Since the date of its incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of the Issuer.
5. No legal or arbitration proceedings are pending or threatened against the Issuer, nor has the Issuer been involved in any legal or arbitration proceedings, which may have had, since its incorporation, a significant effect on its financial position.
6. The Issuer has appointed Deutsche International Corporate Services (Ireland) Limited, whose specified office is, at the date hereof, at 5 Harbourmaster Place, IFSC, Dublin, Ireland, as its Paying Agent in Ireland. For so long as any of the Notes are listed on the Irish Stock Exchange, the Issuer will maintain a Paying Agent in Ireland.
7. The Notes (other than the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes) have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The ISIN, Common Code and WKN allocated by Euroclear and Clearstream, Luxembourg to the Notes of each such Class is as follows:

	<i>ISIN</i>	<i>Common Code</i>	<i>WKN</i>
Class A1 Term Notes	XS0230035627	23003562	A0GF4C
Class A2 Notes	XS0230036518	23003651	A0GF4D
Class B Notes	XS0230036864	23003686	A0GF4E
Class C Notes	XS0230037169	23003716	A0GF4F
Class D Notes	XS0230037912	23003791	A0GF4G
Subordinated Notes	XS0230038480	23003848	A0GF4H
F1 Combination	XS0230042326	23004232	A0GF4J
F2 Combination	XS0230425505	23042550	A0GF4K

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be accepted for clearance through Clearstream, Luxembourg and Euroclear and will be allocated the ISIN and Common Code set out above for the Class A1 Term Notes.

8. Copies of the following documents may be inspected and, in the case of the documents listed in paragraphs (c) and (d), may be obtained in physical form during usual business hours at the registered office of the Issuer and at the specified office of the Irish Paying Agent at any time after the date of this Prospectus:
 - (a) the memorandum and articles of incorporation of the Issuer;
 - (b) after the Closing Date, copies of the Transaction Documents;
 - (c) as soon as published, the latest financial statements of the Issuer; and
 - (d) as soon as published, each Monthly Report.

MASTER INTERPRETATION AND CONSTRUCTION SCHEDULE

1. Interpretation

In any agreement, instrument or deed expressly and specifically incorporating by reference this Agreement the following expressions shall, except where the context otherwise requires and save where otherwise defined therein, have the following meanings:

"**ABS**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Account(s)**" has the meaning given to that term in Condition 1;

"**Account Bank**" means Deutsche Bank AG, London Branch, and any successor or substitute account bank appointed pursuant to the terms of the Agency Agreement;

"**Accountholder**" has the meaning given to that term in Condition 2(e);

"**Accrued Interest Unpaid Amount**" has the meaning given to that term in Condition 1;

"**Acquired Collateral Debt Security**" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"**Act**" means the Law of Property Act 1925;

"**Administrative Expenses**" has the meaning given to that term in Condition 1;

"**Administrative Expenses Cap**" has the meaning given to that term in Condition 1;

"**Affiliate**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Affiliated**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Agency Agreement**" means the agency agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Registrar, the Account Bank, the Calculation Agent and the Custodian;

"**Agency Fee**" has the meaning given to that term in Clause 17.1 of the Agency Agreement;

"**Agent**" has the meaning given to that term in Condition 1;

"**Agents**" has the meaning given to that term in Condition 1;

"**Aggregate Class A1 Funded Amount**" has the meaning given to that term in Condition 1;

"**Aggregate Principal Amount Outstanding**" has the meaning given to that term in Condition 1;

"**Aggregate Principal Balance**" has the meaning given to that term in Condition 1;

"**Arbitrage CDO**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Auction Call Date**" has the meaning given to that term in Condition 1;

"**Auditor(s)**" means Ernst & Young Luxembourg S.A., and any successor or substitute auditors appointed by the Issuer from time to time;

"**Auditor Engagement Letter**" means the auditor engagement letter dated on or about the Closing Date between the Issuer and the Auditor;

"**Authorised Officer**" has the meaning given to that term in Condition 1;

"**Availability Period**" means the period from, and including, the Closing Date to, but excluding, the date on which all of the Senior Notes have been redeemed in full, provided that, for purposes of Liquidity Accrued Interest Drawings, the Availability Period shall be the period from, and including, the Closing Date to, but including, the 11th Payment Date following the Closing Date;

"**Available Funds Cap**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Banking Act 1993" means the Luxembourg act dated 5 April 1993 on the financial sector, as amended.

"Bearer Notes" has the meaning given to that term in Condition 1;

"Beneficial Owner" means the ownership interest of each actual purchaser of a Bearer Note represented by a Global Bearer Note held within a Clearing System;

"Board of Directors" has the meaning given to that term in Condition 1;

"Business Day" has the meaning given to that term in Condition 7(e);

"Calculation Agent" means Deutsche Bank AG, London Branch, and any successor or substitute calculation agent appointed pursuant to the terms of the Agency Agreement;

"CDO" has the meaning given to that term in Condition 1;

"CDO Collateral" means the collateral debt securities of an issuer of a CDO;

"CDO of MBS" has the meaning given to that term in Condition 1;

"Certificate" has the meaning given to that term in Condition 2(e);

"Certification Date" has the meaning given to that term in Clause 10.6 of the Trust Agreement;

"Change of Law" has the meaning given to that term in Clause 9.1 of the Liquidity Facility Agreement;

"Class" means each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes; the term **"Class"** shall include the Combination Notes to the extent that the Combination Notes include Components of such Class of Notes;

"Class A Noteholders" means the holders of the Class A Notes from time to time;

"Class A Notes" means the Class A1 Notes and the Class A2 Notes;

"Class A1 Break-Even Default Rate" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"Class A1 Consolidation Date" has the meaning given to that term in Condition 1;

"Class A1 Default Differential" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"Class A1 Delayed Draw Noteholders" means the holders of the Class A1 Delayed Draw Notes from time to time;

"Class A1 Delayed Draw Notes" means the €8,950,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054;

"Class A1 Delayed Draw Notes Commitment" has the meaning given to that term in Condition 1;

"Class A1 Delayed Draw Notes Commitment Amount" has the meaning given to that term in Condition 1;

"Class A1 Delayed Draw Notes Commitment Fee" has the meaning given to that term in Condition 1;

"Class A1 Delayed Draw Notes Purchase Price" has the meaning given to that term in Clause 2(b) of the Class A1 Notes Purchase Agreement;

"Class A1 Delayed Draw Notes Purchaser" means IXIS Corporate & Investment Bank, Cannon Bridge, 25 Dowgate Hill, EC4R 2GN London, United Kingdom;

"Class A1 Funded Amount" has the meaning given to that term in Condition 1;

"Class A1 Margin" has the meaning given to that term in Condition 1;

"Class A1 Noteholders" means the holders of the Class A1 Notes from time to time;

"Class A1 Notes" means the Class A1 Term Notes, the Class A1 Single Draw Notes and the Class A1 Delayed Draw Notes;

"**Class A1 Notes Purchase Agreement**" means the Class A1 Notes Purchase Agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Class A1 Notes Purchasers and the Trustee;

"**Class A1 Notes Purchasers**" means the Class A1 Delayed Draw Notes Purchaser and the Class A1 Single Draw Notes Purchaser, which expression shall include any successor or assignee appointed in accordance with the terms of the Class A1 Notes Purchase Agreement;

"**Class A1 Rate of Interest**" has the meaning given to that term in Condition 1;

"**Class A1 Scenario Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class A1 Single Draw Noteholders**" means the holders of the Class A1 Single Draw Notes from time to time;

"**Class A1 Single Draw Notes**" means the €50,000 Class A1 Senior Secured Floating Rate Single Draw Notes due 2054;

"**Class A1 Single Draw Notes Commitment**" has the meaning given to that term in Condition 1;

"**Class A1 Single Draw Notes Commitment Amount**" has the meaning given to that term in Condition 1;

"**Class A1 Single Draw Notes Commitment Fee**" has the meaning given to that term in Condition 1;

"**Class A1 Single Draw Notes Purchase Price**" has the meaning given to that term in Clause 2(a) of the Class A1 Notes Purchase Agreement;

"**Class A1 Single Draw Notes Purchaser**" means Canadian Imperial Bank of Commerce, London Branch, Cottons Centre, Cottons Lane, London SE1 2QL, United Kingdom;

"**Class A1 Term Noteholders**" means the holders of the Class A1 Term Notes from time to time;

"**Class A1 Term Notes**" means the €130,000,000 Class A1 Senior Secured Floating Rate Term Notes due 2054;

"**Class A2 Break-Even Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class A2 Default Differential**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class A2 Margin**" has the meaning given to that term in Condition 1;

"**Class A2 Noteholders**" means the holders of the Class A2 Notes from time to time;

"**Class A2 Notes**" means the €16,000,000 Class A2 Senior Secured Floating Rate Notes due 2099;

"**Class A2 Rate of Interest**" has the meaning given to that term in Condition 1;

"**Class A2 Scenario Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class B Break-Even Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class B Default Differential**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class B Margin**" has the meaning given to that term in Condition 1;

"**Class B Noteholders**" means the holders of the Class B Notes from time to time;

"**Class B Notes**" means the €1,400,000 Class B Senior Secured Floating Rate Notes due 2099;

"**Class B Rate of Interest**" has the meaning given to that term in Condition 1;

"**Class B Scenario Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class C Break-Even Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class C Component**" has the meaning given to that term in Condition 1;

"**Class C Coverage Tests**" has the meaning given to that term in Condition 1;

"**Class C Default Differential**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class C Deferred Interest**" has the meaning given to that term in Condition 1;

"**Class C Interest Coverage Ratio**" has the meaning given to that term in Condition 1;

"**Class C Interest Coverage Ratio Test**" has the meaning given to that term in Condition 1;

"**Class C Margin**" has the meaning given to that term in Condition 1;

"**Class C Noteholders**" means the holders of the Class C Notes from time to time;

"**Class C Notes**" means the €6,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2099;

"**Class C Overcollateralisation Ratio**" has the meaning given to that term in Condition 1;

"**Class C Overcollateralisation Ratio Test**" has the meaning given to that term in Condition 1;

"**Class C Rate of Interest**" has the meaning given to that term in Condition 1;

"**Class C Scenario Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class D Break-Even Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class D Component**" has the meaning given to that term in Condition 1;

"**Class D Coverage Tests**" has the meaning given to that term in Condition 1;

"**Class D Default Differential**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class D Deferred Interest**" has the meaning given to that term in Condition 1;

"**Class D Interest Coverage Ratio**" has the meaning given to that term in Condition 1;

"**Class D Interest Coverage Ratio Test**" has the meaning given to that term in Condition 1;

"**Class D Margin**" has the meaning given to that term in Condition 1;

"**Class D Noteholders**" means the holders of the Class D Notes from time to time;

"**Class D Notes**" means the €6,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2099;

"**Class D Overcollateralisation Ratio**" has the meaning given to that term in Condition 1;

"**Class D Overcollateralisation Ratio Test**" has the meaning given to that term in Condition 1;

"**Class D Rate of Interest**" has the meaning given to that term in Condition 1;

"**Class D Scenario Default Rate**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Class F1 Combination Noteholders**" means the holders of the Class F1 Combination Notes from time to time;

"**Class F1 Combination Notes**" means the €3,000,000 Class F1 Combination Notes due 2099 and comprised of €600,000 aggregate principal amount of Class C Notes, €1,000,000 aggregate principal amount of Class D Notes and €1,400,000 aggregate principal amount of Subordinated Notes;

"**Class F1 Combination Notes Interest Receipts**" has the meaning given to that term in Condition 3(b)(iii).

"**Class F1 Combination Notes Nominal Amount**" has the meaning given to that term in Condition 1;

"**Class F1 Combination Notes Nominal Amount Outstanding**" has the meaning given to that term in Condition 1;

"**Class F1 Combination Notes Principal Receipts**" has the meaning given to that term in Condition 3(b)(vii).

"**Class F2 Combination Noteholders**" means the holders of the Class F2 Combination Notes from time to time;

"**Class F2 Combination Notes**" means the €3,000,000 Class F2 Combination Notes due 2099 and comprised of €2,400,000 aggregate principal amount of Class C Notes and €600,000 aggregate principal amount of Subordinated Notes;

"**Class F2 Combination Notes Interest Receipts**" has the meaning given to that term in Condition 3(b)(iv).

"**Class F2 Combination Notes Nominal Amount**" has the meaning given to that term in Condition 1;

"**Class F2 Combination Notes Nominal Amount Outstanding**" has the meaning given to that term in Condition 1;

"**Class F2 Combination Notes Principal Receipts**") has the meaning given to that term in Condition 3(b)(viii).

"**Clearing System**" has the meaning given to that term in Condition 1;

"**Clearstream, Luxembourg**" has the meaning given to that term in Condition 1;

"**CLO**" has the meaning given to that term in Condition 1;

"**Closing Date**" has the meaning given to that term in Condition 1;

"**CMBS**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Collateral**" has the meaning given to the term in Clause 3.1 of the Trust Agreement;

"**Collateral Accrued Interest**" means, at any time, the aggregate amount of interest that has accrued but has not yet been paid in respect of the Collateral Debt Securities and Eligible Investments;

"**Collateral Acquisition Agreement**" means the collateral acquisition agreement dated on or prior to the Closing Date, as amended from time to time, between the Issuer and the Seller;

"**Collateral Administration Agreement**" means the collateral administration agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Trustee, the Collateral Manager, the Custodian, the Account Bank and the Collateral Administrator;

"**Collateral Administrator**" means Deutsche Bank AG, London Branch, as collateral administrator, and any successor or substitute collateral administrator appointed pursuant to the terms of the Collateral Administration Agreement;

"**Collateral Debt Security**" has the meaning given to that term in Condition 1;

"**Collateral Interest Rate Swap**" has the meaning given to that term in Condition 1;

"**Collateral Management Agreement**" means the collateral management agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Trustee and the Collateral Manager;

"**Collateral Management Fee**" has the meaning given to that term in Condition 1;

"**Collateral Manager**" means Collineo Asset Management GmbH, and any successor or substitute collateral manager appointed pursuant to the terms of the Collateral Management Agreement;

"**Collateral Manager Information**" means the information contained in section entitled *The Collateral Manager* in the Prospectus;

"**Collateral PIK Interest**" means, at any time, the aggregate of each amount then deferred or capitalised as additional principal in respect of Collateral Debt Securities in accordance with the terms

thereof or the then principal amount of any securities that have been issued in respect of such Collateral Debt Securities in place of payments of cash in respect thereof;

"**Collateral Quality Tests**" has the meaning given to that term in Condition 1;

"**Collateral Tax Event**" has the meaning given to that term in Condition 6(h);

"**Collection Accounts**" means the Interest Collection Account and the Principal Collection Account;

"**Combination Noteholders**" means the Class F1 Combination Noteholders and the Class F2 Combination Noteholders;

"**Combination Notes**" means the Class F1 Combination Notes and the Class F2 Combination Notes.

"**Combination Notes Nominal Amount Outstanding**" has the meaning given to that term in Condition 1;

"**Commitment**" means €6.5 million as may be reduced from time to time in accordance with the terms of the Liquidity Facility Agreement;

"**Common Depository**" has the meaning given to that term in Condition 1;

"**Companies Act 1915**" means the Luxembourg act dated 10 August 1915 on commercial companies, as amended;

"**Component**" means each of the Class C Component, the Class D Component and the Subordinated Component;

"**Conditions**" means the conditions of the Class A Notes, the Class B Notes, the Class C, the Class D Notes, the Subordinated Notes, the Class F1 Combination Notes and the Class F2 Combination Notes as set out in the Prospectus and references to any "**Condition**" shall be construed accordingly;

"**Controlling Class**" has the meaning given to that term in Condition 1;

"**Couponholders**" has the meaning given to that term in Condition 1;

"**Coupons**" has the meaning given to that term in Condition 1;

"**Coupon Sheet**" has the meaning given to that term in Condition 7(h);

"**Coverage Tests**" means each of the tests set out in Provision 7 of the Portfolio Provisions;

"**Credit Improved Security**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Credit Institution**" means a credit institution (*établissement de crédit*) which pursuant to the Luxembourg act dated 5 April 1993 on the financial sector, as amended, is authorised in the Grand Duchy of Luxembourg to receive deposits or other repayable funds from the public and to grant loans for its own account.

"**Credit Risk Security**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Credit Support Deed**" means the credit support deed entered into on or about the Closing Date between the Issuer, the Hedge Counterparty and the Trustee;

"**CSSF**" means the *Commission de surveillance du secteur financier* of Luxembourg;

"**Current Portfolio**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Custodial Assets**" means the deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring to the Issuer the Portfolio, to be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Agreement and the Security Agreements;

"**Custodian**" means Deutsche Bank AG, London Branch, and any successor or substitute custodian appointed pursuant to the terms of the Agency Agreement;

"**Custody Account**" has the meaning given to that term in Condition 1;

"**D Rules**" has the meaning given to that term in Clause 13(a)(i) of the Class A1 Notes Purchase Agreement;

"**Defaulted Security**" has the meaning given to that term in Condition 1;

"**Deferred Interest PIK Security**" has the meaning given to that term in Condition 1;

"**Definitive Bearer Note**" has the meaning given to that term in Condition 1;

"**Delayed Draw Note Funding Event of Default**" has the meaning given to that term in Condition 1;

"**Delayed Draw Note Rate of Interest**" has the meaning given to that term in Condition 1;

"**Delayed Draw Notes Final Funding Date**" has the meaning given to that term in Condition 1;

"**Depository**" means each of Euroclear, Clearstream, Luxembourg and DTC;

"**Determination Date**" has the meaning given to that term in Condition 1;

"**Directors**" has the meaning given to that term in Condition 1;

"**Distribution**" means any payment of principal or interest or any dividend or premium or other amount or asset paid or delivered on or in respect of any Collateral Debt Security or any Eligible Investment;

"**distribution compliance period**", means the period beginning on the later of the commencement of the offering of the Notes and the Closing Date and ending 40 days thereafter;

"**Domiciliation Agent**" has the meaning given to that term in Condition 1;

"**Domiciliation Agreement**" has the meaning given to that term in Condition 1;

"**DTC**" means The Depository Trust Company;

"**Due Period**" has the meaning given to that term in Condition 1;

"**Eligibility Criteria**" has the meaning given to that term in Provision 3 of the Portfolio Provisions;

"**Eligible Currency**" has the meaning given to that term in Condition 1;

"**Eligible Investments**" has the meaning given to that term in Condition 1;

"**Eligible Successor**" has the meaning given to that term in Clause 7.5 of the Collateral Management Agreement;

"**Emerging Market Country**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Emerging Market Underlying Security**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Enforcement Notice**" has the meaning given to that term in Condition 9(b)(i);

"**Enforcement Priority of Payments**" has the meaning given to that term in Clause 4.4 of the Trust Agreement;

"**English Security Deed**" has the meaning given to that term in Condition 1;

"**EONIA**" means the rate for deposit in euros designated as such and sponsored jointly by the European banking Federation and ACI – The Financial Market Association (or any company established by the joint sponsors for the purposes of compiling such rates) and published on Telerate page 247. If such page is replaced or ceases to be available, the Trustee may specify another page or service displaying the appropriate rate;

"**EU Savings Tax Directive**" means EC Council Directive 2003/48/EC on taxation of savings income.

"**EURIBOR**" means the rate determined in accordance with paragraphs (A), (B), (C) or (D), as the case may be, of Condition 5(e)(i);

"**euro**", "**EUR**" and "**€**" mean the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended from time to time;

"Euroclear" has the meaning given to that term in Condition 1;

"Event of Default" has the meaning given to that term in Condition 9(a);

"Event of Default Overcollateralisation Ratio" has the meaning given to that term in Condition 1;

"Exchange Date" has the meaning given to that term in Condition 1;

"Exchange Event" has the meaning given to that term in Condition 2(g);

"Expense Account" has the meaning given to that term in Condition 1;

"Extraordinary Resolution" has the meaning given to that term in Condition 1;

"Final Payment Date" has the meaning given to that term in Condition 1;

"Fitch" has the meaning given to that term in Condition 1;

"Fitch Rating" has the meaning given to that term in Provision 6(a) of the Portfolio Provisions;

"Fitch Recovery Rate" has the meaning given to that term in Provision 6(c) of the Portfolio Provisions;

"Fitch Weighted Average Rating" has the meaning given to that term in Provision 6(a) of the Portfolio Provisions;

"Fixed Par Amount" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions;

"Fixed Rate Assets" means CDO Collateral which bears interest at a fixed rate;

"Fixed Rate Collateral Debt Securities" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Floating Par Amount" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions;

"Floating Rate Assets" means assets that are not Fixed Rate Assets;

"Floating Rate Collateral Debt Securities" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"foreign issuer", in relation to any Notes in the United States, has the meaning given to that term in Regulation S under the Securities Act;

"FSMA" means the United Kingdom Financial Services and Markets Act 2000;

"Funding" has the meaning given to that term in Condition 1;

"Funding Date" has the meaning given to that term in Condition 1;

"Funding Period" has the meaning given to that term in Condition 1;

"Funding Request" has the meaning given to that term in Condition 1;

"Further Downgrade Event" has the meaning given to that term in Provision 8(d) of the Portfolio Provisions;

"Further Notes" has the meaning given to that term in Condition 16;

"Global Bearer Notes" has the meaning given to that term in Condition 1;

"Governing Instruments" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"Hedge Agreement" means the agreement in the form of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) (as published by ISDA (including the schedule thereto)), as amended and supplemented from time to time by each transaction confirmation which will supplement and form part of each Collateral Interest Rate Swap together with any credit support deed relating thereto, in each case, between the Issuer and the Hedge Counterparty;

"Hedge Counterparty" means Canadian Imperial Bank of Commerce, and any substitute counterparty appointed pursuant to Portfolio Provision 8(e) and the terms of the Hedge Agreement;

"**holding of Notes**" has the meaning given to that term in Condition 2(e);

"**HRI**" means Hypo Real Estate Bank International, International House, 3 Harbourmaster Place, Dublin 1, Ireland;

"**IA**" means the German Investment Act (*Investmentgesetz*);

"**Incumbency Certificate**" means an incumbency certificate substantially in the form set out in Schedule 8 to the Agency Agreement;

"**Ineligible Security**" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"**Initial Portfolio**" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"**Initial Proceeds Account**" has the meaning given to that term in Condition 1;

"**Insolvency Event**" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"**Insolvency Official**" has the meaning given to that term in Condition 1;

"**Insolvency Proceedings**" has the meaning given to that term in Condition 1;

"**Instruments**" has the meaning given to that term in Clause 5.1 of the Agency Agreement;

"**Interest Amount**" has the meaning given to that term in Condition 1;

"**Interest Collection Account**" has the meaning given to that term in Condition 1;

"**Interest Coverage Numerator**" has the meaning given to that term in Condition 1;

"**Interest Coverage Ratio Test**" means any of the Interest Coverage Ratio Tests;

"**Interest Coverage Ratio Tests**" has the meaning given to that term in Provision 7(b) of the Portfolio Provisions;

"**Interest Determination Date**" has the meaning given to that term in Condition 1;

"**Interest Diversion Ratio**" has the meaning given to that term in Condition 1;

"**Interest Diversion Test**" has the meaning given to that term in Condition 1;

"**Interest Period**" has the meaning given to that term in Condition 1;

"**Interest Proceeds**" has the meaning given to that term in Condition 1;

"**Interest Proceeds Distribution Amount**" has the meaning given to that term in Condition 3(b)(i);

"**Interest Proceeds Priority of Payments**" has the meaning given to that term in Condition 3(b)(i);

"**Internal Revenue Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Investments**" has the meaning given to that term in Clause 5.1 of the English Security Deed;

"**Investment Board Agreement**" means the investment board agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Investment Board Provider, the Collateral Manager and the Trustee;

"**Investment Board Fee**" has the meaning given to that term in Condition 1;

"**Investment Board Provider**" means Hypo Real Estate Bank International, and any successor or substitute investment board provider appointed pursuant to the terms of the Investment Board Agreement;

"**investment company**" means an investment company as understood under the Investment Company Act;

"**Investment Company Act**" has the meaning given to that term in Condition 1;

"**Treland**" has the meaning given to that term under Condition 1;

"Irish Paying Agent" means Deutsche International Corporate Services (Ireland) Limited as paying agent in Ireland, and any successor or substitute Irish paying agent appointed pursuant to the terms of the Agency Agreement;

"Irish Stock Exchange" has the meaning given to that term in Condition 1;

"ISDA" means the International Swaps and Derivatives Association, Inc;

"Issuer" means EUROMAX IV MBS S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 7, Val Sainte-Croix, L-1371 Luxembourg, and registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) under number B. 110721;

"Issuer Gross Purchase Price" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"Issuer Instruction" has the meaning given to that term in Clause 10.4 of the Agency Agreement;

"Issuer Senior Expenses" means (a) in respect of a Determination Date, the aggregate of the amounts required to be paid by the Issuer on the next following Payment Date in respect of items (A) to (H) (inclusive) of the Interest Proceeds Priority of Payments, and (b) in respect of a Single Draw Note Determination Date, the amount of the accrued and unpaid interest on the Class A1 Single Draw Notes or the Funding relating thereto required to be paid by the Issuer on the next following Single Draw Note Payment Date;

"ITA" means the German Investment Tax Act (*Investmentsteuergesetz*);

"Junior Class of Covered Notes" has the meaning given to that term in Condition 1;

"Liability" has the meaning given to that term in Clause 1.1 of the English Security Deed;

"Liquidity Accrued Interest Drawing" has the meaning given to that term in Condition 1;

"Liquidity Asset Purchase Drawing" has the meaning given to that term in Condition 1;

"Liquidity Downgrade Drawing" has the meaning given to that term in Condition 1;

"Liquidity Downgrade Drawing Account" has the meaning given to that term in Condition 1;

"Liquidity Downgrade Loan" means the aggregate amount outstanding of a Liquidity Downgrade Drawing less the amounts of any other Liquidity Drawings funded from the Liquidity Downgrade Drawing Account being an amount equal to the amount standing to the credit of the Liquidity Downgrade Drawing Account;

"Liquidity Drawing" has the meaning given to that term in Condition 1;

"Liquidity Drawing Base" means in respect of any proposed Liquidity Drawing the sum of (i) the Collateral PIK Interest at that time, and (without double counting) (ii) the Collateral Accrued Interest at that time;

"Liquidity Drawing Request" has the meaning given to that term in Clause 2.1 of the Liquidity Facility Agreement;

"Liquidity Facility" means the facility provided by the Liquidity Facility Provider to the Issuer under the Liquidity Facility Agreement;

"Liquidity Facility Agreement" means the liquidity facility agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Liquidity Facility Provider, the Trustee and the Collateral Administrator;

"Liquidity Facility Event of Default" has the meaning given to that term in Clause 13.1 of the Liquidity Facility Agreement;

"Liquidity Facility Fee" has the meaning given to that term in Clause 14.1 of the Liquidity Facility Agreement;

"Liquidity Facility Provider" means Canadian Imperial Bank of Commerce, and any successor or substitute liquidity facility provider appointed pursuant to the terms of the Liquidity Facility Agreement;

"Liquidity Interest Period" means each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Liquidity Interest Period shall be the period from (and including) the date on which the first Liquidity Drawing is made available to the Issuer in accordance with the Liquidity Facility Agreement and the last Liquidity Interest Period shall end on (but exclude) the day on which the Liquidity Loan and all other amounts owing to the Liquidity Facility Provider under the Liquidity Facility Agreement are repaid in full;

"Liquidity PIK Drawing" has the meaning given to that term in Condition 1;

"Liquidity Loan" means the aggregate principal amount of all Liquidity Drawings for the time being advanced and outstanding under the Liquidity Facility;

"Listing Agent" means Deutsche Bank Luxembourg S.A., and any successor or substitute listing agent;

"Listing Agent Appointment Agreement" has the meaning given to that term in Condition 1;

"Loss" means any liability, damages, cost, loss or expense including without limitation, legal fees, costs and expenses;

"Lowest Recovery Rate" has the meaning given to that term in Condition 1;

"Luxembourg" means the Grand Duchy of Luxembourg;

"Majority" has the meaning given to that term in Condition 1;

"Market Value" has the meaning given to that term in Condition 1;

"Master Interpretation and Construction Schedule" means this master interpretation and construction schedule dated on or prior to the Closing Date, as amended from time to time;

"Measurement Date" has the meaning given to that term in Condition 1;

"Mezzanine Noteholders" means the Class C Noteholders and the Class D Noteholders;

"Mezzanine Notes" means the Class C Notes and the Class D Notes;

"Monthly Report" has the meaning given to that term in Condition 1;

"Monthly Report Fixing Date" has the meaning given to that term in Condition 1;

"Moody's" has the meaning given to that term in Condition 1;

"Mortgaged Property" has the meaning given to that term in Condition 4(a);

"Net Portfolio Collateral Balance" has the meaning given to that term in Condition 1;

"New Issuer" has the meaning given to that term in Condition 13(a);

"Non-Call Period" has the meaning given to that term in Condition 1;

"Non-Conforming Security" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Non-Performing Security" has the meaning given to that term in Condition 1;

"Non-Performing Loan Security" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Non-PIK Security" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Note Tax Event" has the meaning given to that term in Condition 6(h);

"Noteholders" has the meaning given to that term in Condition 1;

"Notes" means the Senior Notes, the Mezzanine Notes, the Subordinated Notes and the Combination Notes;

"Notes Placement Agent" means Canadian Imperial Bank of Commerce in its capacity as Notes Placement Agent under the Notes Placement Agreement;

"Notes Placement Agreement" means the notes placement agreement dated on or about the Closing Date, as amended from time to time, between the Issuer and the Notes Placement Agent;

"offer of Notes to the public" means, in relation to any Notes in Luxembourg, in accordance with Article 2-1(l) of the Prospectus Act 2005 and Article 2-1(d) of the Prospectus Directive, the communication in any form and by any means presenting sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to these Notes;

"Officer" has the meaning given to that term in Condition 1;

"Other Indebtedness" has the meaning given to that term in Condition 1;

"Outstanding" has the meaning given to that term in Condition 1;

"Overcollateralisation Ratio Test" means any of the Overcollateralisation Ratio Tests;

"Overcollateralisation Ratio Tests" has the meaning given to that term in Provision 7(a) of the Portfolio Provisions;

"Paying Agents" means the Principal Paying Agent, the Irish Paying Agent, and any successor or additional paying agents appointed pursuant to the terms of the Agency Agreement;

"Payment Account" has the meaning given to that term in Condition 1;

"Payment Date" has the meaning given to that term in Condition 5(a)(i);

"Payment Instructions" means instructions in writing in the form set out in Schedule 9 to the Agency Agreement;

"Permanent Global Bearer Note" has the meaning given to that term in Condition 1;

"Person" has the meaning given to that term in Condition 1;

"PIK Security" has the meaning given to that term in Condition 1;

"PIK Shortfall" means, in respect of a Determination Date or a Single Draw Note Determination Date, the lower of (A) the amount of interest which, in accordance with the terms of the relevant Underlying Instrument that is not a Deferred Interest PIK Security or a Defaulted Security, has accrued but has been deferred and capitalised in accordance with the terms thereof, and (B) the excess, if any, of (x) the Issuer Senior Expenses over (y) the amount standing to the credit of the Interest Collection Account;

"Placement Instalment" has the meaning given to that term in Condition 1;

"Placement Upfront Fee" has the meaning given to that term in Clause 8.1 of the Notes Placement Agreement;

"Pledged Obligations" has the meaning given to that term in Clause 3.3 of the Trust Agreement;

"Portfolio" has the meaning given to that term in Condition 1;

"Portfolio Criteria" means the criteria set out in Provision 4 of the Portfolio Provisions;

"Portfolio Provisions" has the meaning given to that term in Condition 1;

"Post-Reinvestment Period Principal Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(v);

"Potential Event of Default" has the meaning given to that term in Condition 1;

"Potential Liquidity Facility Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute a Liquidity Facility Event of Default;

"Preliminary Prospectus" means the prospectus in preliminary form dated 20 September 2005 prepared by the Issuer and which has been distributed with the consent of the Issuer;

"Presentation Date" has the meaning given to that term in Condition 7(f);

"Principal Amount Outstanding" has the meaning given to that term in Condition 1;

"Principal Balance" has the meaning given to that term in Condition 1;

"Principal Collection Account" has the meaning given to that term in Condition 1;

"Principal Paying Agent" means Deutsche Bank AG, London Branch, and any successor or substitute principal paying agent appointed pursuant to the terms of the Agency Agreement;

"Principal Proceeds" has the meaning given to that term in Condition 1;

"Principal Proceeds Priority of Payments" has the meaning given to that term in Condition 3(b)(v);

"Priorities of Payment" has the meaning given to that term in Condition 1;

"Principal Sales Proceeds" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Priority Hedge Termination Event" has the meaning given to that term in Condition 1;

"Proceedings" has the meaning given to that term in Condition 19(b);

"professional investors", in relation to any Notes in Hong Kong, has the meaning given to that term in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder;

"Proposed Portfolio" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"Prospectus" means the prospectus dated 6 October 2005 prepared by the Issuer in respect of the Notes;

"Prospectus Act 2005" means the Luxembourg act dated 10 July 2005 on prospectuses for securities;

"Prospectus Directive" means the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading;

"Purchase Shortfall" means the amount of interest that, in accordance with the terms of the relevant Underlying Instrument, has accrued but has not been paid on any Collateral Debt Security which the Investment Board (acting on behalf of the Issuer and based on the advice of the Collateral Manager) has committed to acquire on behalf of the Issuer;

"Qualifying Foreign Country" has the meaning given to that term in Condition 1;

"Ramp-Up Effective Date" has the meaning given to that term in Condition 1;

"Ramp-Up Effective Date Overcollateralisation Ratio" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Ramp-Up Test Par Amount" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Rated Notes" has the meaning given to that term in Condition 1;

"Rating Agencies" has the meaning given to that term in Condition 1;

"Rating Agency" has the meaning given to that term in Condition 1;

"Rating Agency Confirmation" has the meaning given to that term in Condition 1;

"Rating Downgrade Event" has the meaning given to that term in Provision 8(d) of the Portfolio Provisions;

"Rating Withdrawal" has the meaning given to that term in Condition 1;

"Receiver" has the meaning given to that term in Clause 1.1 of the English Security Deed;

"Record Date" has the meaning given to that term in Condition 1;

"Recovery Rate" has the meaning given to that term in Condition 1;

"Redemption Date" has the meaning given to that term in Condition 1;

"Redemption Notice" means a duly completed Redemption Notice in the form set out in Annex B to the Conditions;

"**Redemption Price**" has the meaning given to that term in Condition 1;

"**Reference Banks**" has the meaning given to that term in Condition 5(e)(i)(B);

"**Reference Obligation**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Reference Obligor**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Register**" has the meaning given to that term in Condition 2(f);

"**Registered Notes**" has the meaning given to that term in Condition 1;

"**Registrar**" means Deutsche Bank Luxembourg S.A., and any additional or successor or substitute registrar appointed pursuant to the terms of the Agency Agreement;

"**Regulation S**" has the meaning given to that term in Condition 1;

"**Reinvestment Period**" has the meaning given to that term in Condition 1;

"**Reinvestment Period Principal Proceeds Priority of Payments**" has the meaning given to that term in Condition 3(b)(v);

"**Reinvestment Period Single Draw Note Principal Proceeds Priority of Payments**" has the meaning given to that term in Condition 3(b)(vi);

"**Relevant Date**" has the meaning given to that term in Condition 1;

"**Relevant Duration**" has the meaning given to that term in Condition 1;

"**Relevant Contract**" has the meaning given to that term in Clause 7 of the English Security Deed;

"**Relevant Notes**" has the meaning given to that term in Recital(A) of the Notes Placement Agreement or Recital(A) of the Class A1 Notes Purchase Agreement, as applicable;

"**Relevant Party**" has the meaning given to that term in Clause 7.1 of the Notes Placement Agreement, Clause 8.1 of the Class A1 Notes Purchase Agreement or Clause 15.1 of the Liquidity Facility Agreement, as applicable;

"**Relevant Percentage**" has the meaning given to that term in Condition 1;

"**relevant principal amount**" has the meaning given to that term in Clause 4.3(a) and Clause 4.8(a), as applicable, of the Agency Agreement;

"**Replacement Instrument**" has the meaning given to that term in Clause 3.3(b) of the Agency Agreement;

"**Report Request**" means a request in writing in the form set out in Schedule 10 to the Agency Agreement;

"**Required Rating**" has the meaning given to that term in Condition 1;

"**Required Weighted Average Spread**" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions;

"**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan, and, with respect to any entity organised under the laws of a jurisdiction other than Japan, its branches or offices located in Japan;

"**RMBS**" or "**Residential Mortgage Backed Security**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Rule 144A**" means rule 144A under the Securities Act;

"**S&P**" has the meaning given to that term in Condition 1;

"**S&P Rating**" has the meaning given to that term in Provision 6(b) of the Portfolio Provisions;

"**S&P Recovery Rate**" has the meaning given to that term in Provision 6(b) of the Portfolio Provisions;

"**Sale Proceeds**" has the meaning given to that term in Condition 1;

"**Secured Obligations**" has the meaning given to that term in Clause 2.3(i) of the Trust Agreement;

"**Secured Parties**" has the meaning given to that term in Condition 1;

"**Secured Party**" has the meaning given to that term in Condition 1;

"**Security Agreement**" has the meaning given to that term in Condition 1;

"**Security Agreements**" has the meaning given to that term in Condition 1;

"**Securities Act**" has the meaning given to that term in Condition 1;

"**Securities and Exchange Law**" means the Securities and Exchange Law of Japan;

"**Securitisation Act 2004**" means the Luxembourg act dated 22 March 2004 on securitisation;

"**Security Assets**" has the meaning given to that term in Clause 1.1 of the English Security Deed;

"**Security Interest**" has the meaning given to that term in Clause 1.1 of the English Security Deed;

"**Security Period**" has the meaning given to that term in Clause 1.1 of the English Security Deed;

"**Seller**" means Canadian Imperial Bank of Commerce;

"**Senior Collateral Management Fee**" has the meaning given to that term in Condition 1;

"**Senior Coverage Tests**" has the meaning given to that term in Condition 1;

"**Senior Interest Coverage Ratio**" has the meaning given to that term in Condition 1;

"**Senior Interest Coverage Ratio Test**" has the meaning given to that term in Condition 1;

"**Senior Manager**" has the meaning given to that term in Clause 7.2 of the Collateral Management Agreement;

"**Senior Overcollateralisation Ratio**" has the meaning given to that term in Condition 1;

"**Senior Overcollateralisation Ratio Test**" has the meaning given to that term in Condition 1;

"**Senior Noteholders**" means the Class A Noteholders and the Class B Noteholders;

"**Senior Notes**" means the Class A Notes and the Class B Notes;

"**Settlement Conditions**" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"**Settlement Date**" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"**Shortfall**" means any of an Accrued Interest Unpaid Amount, a PIK Shortfall and/or a Purchase Shortfall, as the case may be;

"**Single Draw Note Determination Date**" has the meaning given to that term in Condition 1;

"**Single Draw Note Due Period**" has the meaning given to that term in Condition 1;

"**Single Draw Note Funding Event of Default**" has the meaning given to that term in Condition 1;

"**Single Draw Note Interest Period**" has the meaning given to that term in Condition 1;

"**Single Draw Note Payment Date**" has the meaning given to that term in Condition 1;

"**Single Draw Note Rate of Interest**" has the meaning given to that term in Condition 1;

"**Stabilising Agent**" has the meaning given to the term in Clause 11.1 of the Notes Placement Agreement;

"**Standard & Poor's CDO Monitor**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Standard & Poor's CDO Monitor Test**" has the meaning given to that term in Provision 6(e) of the Portfolio Provisions;

"**Stated Maturity**" has the meaning given to that term in Condition 1;

"**Structured Finance Security**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Sub-Custodian**" has the meaning given to that term in Clause 10.17 of the Agency Agreement;

"**Subordinated Collateral Management Fee**" has the meaning given to that term in Condition 1;

"**Subordinated Collateral Management Fee Account**" has the meaning given to that term in Condition 1;

"**Subordinated Component**" has the meaning given to that term in Condition 1;

"**Subordinated Note Hurdle Return Amount**" has the meaning given to that term in Condition 1;

"**Subordinated Noteholders**" means the holders of the Subordinated Notes;

"**Subordinated Notes**" means the €1,600,000 Subordinated Notes due 2099;

"**Subscription Prices**" has the meaning given to that term in Clause 2.1 of the Notes Placement Agreement;

"**Subsidiary**" has the meaning given to that term in Clause 1.1 of the English Security Deed.

"**Substitute Counterparty**" has the meaning given to that term in Provision 8(d)(bb) of the Portfolio Provisions;

"**Swap Guarantor**" has the meaning given to that term in Provision 8(d)(cc) of the Portfolio Provisions;

"**Synthetic Credit Linked Security**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Synthetic Credit Linked Security Issuer**" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"**Talonholders**" has the meaning given to that term in Condition 1;

"**Talons**" has the meaning given to that term in Condition 1;

"**TARGET**" has the meaning given to that term in Condition 7(e);

"**TARGET Day**" has the meaning given to that term in Condition 7(e);

"**Target Par Amount**" has the meaning given to that term in Condition 1.

"**Temporary Global Bearer Note**" has the meaning given to that term in Condition 1;

"**Termination Payment**" means any amount payable by the Issuer to the Hedge Counterparty upon termination of a Collateral Interest Rate Swap in whole or in part.

"**Termination Receipt**" means any amount payable by the Hedge Counterparty to the Issuer upon termination of a Collateral Interest Rate Swap in whole or in part.

"**this Security**" has the meaning given to that term in Clause 1.2(b)(ii) of the English Security Deed;

"**Total Redemption Amount**" has the meaning given to that term in Condition 6(j);

"**Tradeable Security**" has the meaning given to that term in Provision 2(F) of the Portfolio Provisions;

"**Transaction Creditors**" has the meaning given to that term in Condition 1;

"**Transaction Documents**" has the meaning given to that term in Condition 1;

"**Transfer Agreement**" has the meaning given to that term in Condition 1;

"**Trust Agreement**" means the trust agreement dated on or about the Closing Date, as amended from time to time, between the Issuer and the Trustee;

"**Trustee**" means Deutsche Trustee Company, Limited, and all persons from time to time being the trustee or trustees under the Trust Agreement;

"**Trustee Claim**" has the meaning given to that term in Clause 2.3 of the Trust Agreement;

"Trustee Duties" has the meaning given to that term in Clause 2.1 of the Trust Agreement;

"Underlying Collateral" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Underlying Combination Note" has the meaning given to that term in Provision 10 of the Portfolio Provisions;

"Underlying Instrument" has the meaning given to that term in Condition 1;

"Uninvested Proceeds" has the meaning given to that term in Condition 1;

"United States" and **"U.S."** means the United States of America, its territories and its possessions, any State of the United States, and the District of Columbia;

"U.S.\$" or **"U.S. dollars"** means the currency of the United States of America;

"U.S. person" has the meaning given thereto in Regulation S;

"Warehouse Period" has the meaning given to that term in Clause 1.2 of the Collateral Acquisition Agreement;

"Weighted Average Coupon" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions;

"Weighted Average Fitch Rating Factor Test" has the meaning given to that term in Provision 6(a) of the Portfolio Provisions;

"Weighted Average Fitch Recovery Rate" has the meaning given to that term in Provision 6(c) of the Portfolio Provisions;

"Weighted Average Fitch Recovery Rate Test" has the meaning given to that term in Provision 6(c) of the Portfolio Provisions;

"Weighted Average Life" has the meaning given to that term in Provision 6(f) of the Portfolio Provisions;

"Weighted Average Life Test" has the meaning given to that term in Provision 6(f) of the Portfolio Provisions;

"Weighted Average S&P Recovery Rate" has the meaning given to that term in Provision 6(b) of the Portfolio Provisions;

"Weighted Average S&P Recovery Rate Test" has the meaning given to that term in Provision 6(b) of the Portfolio Provisions;

"Weighted Average Spread" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions;

"Weighted Average Spread Test" has the meaning given to that term in Provision 6(d) of the Portfolio Provisions;

"Whole-Business Securitisation" has the meaning given to that term in Provision 10 of the Portfolio Provisions; and

"Withholding Tax Event" has the meaning given to that term in Condition 6(h).

2. Construction

2.1 The headings and sub-headings in any Transaction Document shall not affect its interpretation.

2.2 Words denoting the singular number only shall include the plural number also and vice versa and words denoting persons only shall include firms, companies, partnerships and corporations and vice versa.

- 2.3 Save where the contrary is indicated, any reference in any Transaction Document to:
- (a) an action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than Germany, references to such action, remedy or method of judicial proceedings for the enforcement of rights of creditors available or appropriate in such jurisdictions as shall most nearly approximate thereto;
 - (b) Euroclear and/or Clearstream, Luxembourg shall, wherever the context so admits, be deemed to include references to any additional or alternative clearing system approved by the Issuer and the Trustee;
 - (c) 'this Agreement' or 'this Deed' or any other agreement, deed or document shall be construed as a reference to the relevant agreement, deed or document as amended, supplemented, replaced or novated (in whole or in part) from time to time;
 - (d) any statutory provision shall be deemed also to refer to any statutory or other modification, re-enactment or replacement thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment;
 - (e) a time of day shall be construed as a reference to time in Frankfurt am Main, as the context may require;
 - (f) any party to a Transaction Document or any other document shall include references to its successors and permitted assigns thereunder; and
 - (g) a successor of any party shall be construed so as to include an assignee or successor in title of such party and any Person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under a Transaction Document or any other document or to which, under such laws, such rights and obligations have been transferred.

2.4 Where a German legal term has been used in the Transaction Documents governed by German law, such German legal term (and not the English legal term or concept to which it relates) shall be authoritative for the purpose of construction. Where an English legal term has been used in the Transaction Documents governed by German law, the related German legal term or concept shall be authoritative for the purpose of construction, provided that legal terms shall be construed in accordance with English law or any other law if specifically so provided or the context so requires.

2.5 In the case of an inconsistency between any definition set out herein and the corresponding definition in the Transaction Documents, the latter shall prevail.

2.6 Without prejudice to any specific rounding provisions, if the Transaction Documents provide for the measurement of compliance with a test or other criterion, or provide for the determination of the satisfaction of any condition, by comparison of the numerical result of a given calculation formula with a given numerical value, the numerical result of such calculation formula shall be rounded to the number of digits such given numerical value is expressed in the Transaction Documents before such measurement of compliance or determination of satisfaction with a condition is made.

3. Communications

All communications hereunder shall be made in English by e-mail, mail or by fax, provided that notices regarding the termination of this Agreement given by e-mail or fax shall be confirmed by mail. Subject to written notification of any change of address, all communications hereunder shall be directed to the addresses identified in Exhibit A hereto.

4. Amendments; Assignments; Notice of Pledge

4.1 Amendments

This Agreement (including this Clause 4.1) may only be amended by agreement of all parties hereto in writing, provided that the consent of IXIS Corporate & Investment Bank shall only be required as long as IXIS Corporate & Investment Bank holds any of the Class A1 Single Draw Notes or Class A1 Delayed Draw Notes.

4.3 Restriction on Assignment

No party hereto may assign all or a portion of its rights or obligations hereunder except as permitted herein.

4.3 Notice of Pledge

The Issuer hereby gives notice to each other party hereunder that it has pursuant to the Trust Agreement pledged to the Trustee all its present and future, actual and contingent claims and rights arising hereunder as a security for the Trustee Claim as defined in the Trust Agreement. Each such other party hereby acknowledges the receipt of the above notice of, and agrees to, such pledge and confirms that it has knowledge of the provisions of the Trust Agreement relating thereto. Each party hereby waives any pledge or other security interest (whether pursuant to its standard terms and conditions or otherwise) relating to the claims being the subject of the pledge, and confirms that it is not aware of any rights of third parties in respect of such claims.

5. Severability; Miscellaneous

5.1 If any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which, taking into consideration the purpose and intent of this Agreement, have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply *mutatis mutandis* with regard to any contractual gaps (*Vertragslücken*) in this Agreement.

5.2 Each party to this Agreement undertakes *vis-à-vis* the respective other parties to take all actions that become necessary pursuant to Clause 5.1 or for other reasons to implement this Agreement.

5.3 The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the Securitisation Act 2004).

6. Governing Law and Jurisdiction

6.1 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

6.2 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each of the parties to this Agreement hereby submits to the jurisdiction of such court.

6.3 Service of Process

Each of the Issuer, Canadian Imperial Bank of Commerce, London Branch, Deutsche Bank AG,

London Branch, Deutsche International Corporate Services (Ireland) Limited, the Registrar, the Class A1 Delayed Draw Notes Purchaser, the Domiciliation Agent and the Trustee has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. The Investment Board Provider has appointed Hypo Real Estate Bank AG, Florianstrasse 1, 44139 Dortmund, Germany, as its authorised agent for service of process in relation to any legal proceedings initiated before a German court. If for any reason any such agent shall cease to be such agent for service of process, each relevant party hereto shall forthwith appoint a new agent for service of process in Germany and, in the case of each such party other than the Trustee, deliver to the Trustee a copy of the new agent's acceptance of appointment within 30 days. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

7. Limited Recourse and Non-Petition

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any credit on the Accounts and (to the extent not relating to amounts standing to the credit of the Accounts) proceeds from the Mortgaged Property received by the Trustee pursuant to the Trust Agreement and other Transaction Documents, in each case in accordance with and subject to the relevant Priorities of Payment and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Collateral Debt Securities and the Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreement and the Liquidity Facility Agreement. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that the credit on the Accounts, or the proceeds from the realisation of the Mortgaged Property, prove ultimately insufficient to satisfy the claims of the parties hereto (other than the Issuer) in full, then any shortfall arising shall be extinguished and each party hereto (other than the Issuer) shall have no further claims against the Issuer, provided that the foregoing shall be without prejudice to any termination, set-off rights and rights of retention of each party hereto (other than the Issuer). Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of each party hereto (other than the Issuer), and neither assets nor proceeds will be so available thereafter.

Each party hereto (other than the Issuer) shall not take steps against the Issuer to recover any sum so unpaid and, in particular, each party hereto (other than the Issuer) shall not petition for bankruptcy of the Issuer or request the opening of any other collective or reorganisation proceedings against the Issuer or take any other step or action for the winding up (*dissolution*), examinership, liquidation (*liquidation*) or dissolution of the Issuer nor for the appointment of a liquidator (*liquidateur*), examiner, administrator (*commissaire*), receiver (*curateur*) or other person in respect of the Issuer or its assets until after the expiry of any applicable preference period as provided for in the applicable bankruptcy laws following the payment of all amounts payable under the Conditions of the Notes.

8. Counterparts

This Agreement may be executed in one or more counterparts. Each counterpart, whether the original signed document or a copy of such signed document evidenced by facsimile or other electronic means, shall constitute an original, but all such counterparts taken together shall constitute one and the same agreement.

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