IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this page (the "prospectus"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the prospectus. In accessing the prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE PROSPECTUS IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. IN ORDER TO BE ELIGIBLE TO READ THE PROSPECTUS OR MAKE AN INVESTMENT DECISION WITH RESPECT TO THE SECURITIES DESCRIBED THEREIN, YOU EITHER MUST (I) BE A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("QUALIFIED INSTITUTIONAL BUYER") OR (II) NOT BE A "U.S. PERSON" WITHIN THE MEANING OF REGULATION S OF THE SECURITIES ACT.

WITHIN THE UNITED KINGDOM, THE PROSPECTUS MAY NOT BE PASSED ON EXCEPT TO INVESTMENT PROFESSIONALS OR OTHER PERSONS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON UNLESS SUCH PERSON IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED ABOVE. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: The prospectus is being sent at your request and by accepting the e-mail and accessing the prospectus, you shall be deemed to have represented to us that you are either (i) not a U.S. person or (ii) a Qualified Institutional Buyer; and, in each case, that you consent to delivery of the prospectus by electronic transmission.

You are reminded that the prospectus has been delivered to you on the basis that you are a person into whose possession the prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

The prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Lehman Brothers International (Europe) nor any person who controls the manager nor any director, officer, employee or agent or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from Lehman Brothers International (Europe).

€1,497,406,000*
WINDERMERE X CMBS LIMITED

(incorporated with limited liability in Ireland with registered number 435764)

€1,180,000,000 Class A Commercial Mortgage-Backed Notes due 2019
€50,000 Class X Commercial Mortgage-Backed Note
€56,000,000 Class B Commercial Mortgage-Backed Notes due 2019
€64,000,000 Class C Commercial Mortgage-Backed Notes due 2019
€112,900,000 Class D Commercial Mortgage-Backed Notes due 2019
€70,000,000 Class E Commercial Mortgage-Backed Notes due 2019
€14,506,000 Class F Commercial Mortgage-Backed Notes due 2019

On 12 April 2007 (or such other date as Windermere X CMBS Limited (the "**Issuer**") and the Lead Manager agree) (the "**Closing Date**"), the Issuer will issue the €1,180,000,000 Class A Commercial Mortgage-Backed Notes due 2019 (the "**Class A Notes**"), the €50,000 Class X Commercial Mortgage-Backed Notes (the "**Class X Note**"), the €56,000,000 Class B Commercial Mortgage-Backed Notes due 2019 (the "**Class B Notes**"), the €64,000,000 Class C Commercial Mortgage-Backed Notes due 2019 (the "**Class C Notes**"), the €112,900,000 Class D Commercial Mortgage-Backed Notes due 2019 (the "**Class D Notes**", the €70,000,000 Class E Commercial Mortgage-Backed Notes due 2019 (the "**Class E Notes**" and the €14,506,000 Class F Commercial Mortgage-Backed Notes due 2019 (the "**Class F Notes**" and, together with the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Notes**"). Application has been made to the Irish Financial Services Regulatory Authority (the "**Financial Regulator in Ireland**"), as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List (the "**Official List**") and trading on its regulated market. The Notes and interest accrued on the Notes will not be obligations or responsibilities of any person other than the Issuer.

Interest on the Notes is payable by reference to successive interest periods (each an "**Interest Period**"). Interest will be payable quarterly in arrear in euro on the fifth Business Day after each Reference Date in each year (each a "**Payment Date**"), commencing on the Payment Date falling in July 2007 and with the 15th day of January, April, July and October in each year being a "**Reference Date**", provided that if such date would otherwise fall on a day which is not a Business Day, the Reference Date shall be the next Business Day, unless such Business Day falls in the following month, in which case the Reference Date shall be the immediately preceding Business Day. The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Payment Date falling in July 2007. Each successive Interest Period will commence on (and include) the next (or first) Payment Date and end on (but exclude) the following Payment Date. Copies of this Prospectus have been filed with and approved by the Financial Regulator in Ireland as required by the Prospectus (Directive 2003/71/EC) Regulations (the "**Prospectus Regulations**"). Upon approval of this Prospectus by the Financial Regulator in Ireland, this Prospectus will be filed with the Companies Registration Office in Ireland in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

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

Class	Initial Principal Amount	Interest Rate (per annum)	Maturity Date	Expected Final Payment Date[(1)]	Weighted Average Life [(1)]	Issue Price [(2)]	Expected Rating (S&P / Moody's / Fitch)
Class A	€1,180,000,000	3 mth EURIBOR + 0.16%	Oct-19	Oct-16	5.47yrs	100%	AAA/Aaa/AAA
Class X	€50,000	VARIABLE [(2)(3)]	N/A	N/A	N/A	101.606%	AAA/Aaa/AAA
Class B	€56,000,000	3 mth EURIBOR + 0.18%	Oct-19	Oct-16	7.01yrs	100%	AAA/Aa1/AA+
Class C	€64,000,000	3 mth EURIBOR + 0.24%	Oct-19	Oct-16	7.01yrs	100%	AA/Aa3/AA
Class D	€112,900,000	3 mth EURIBOR + 0.39%	Oct-19	Oct-16	7.01yrs	100%	A/NR/A
Class E	€70,000,000	3 mth EURIBOR + 0.72%	Oct-19	Oct-16	7.01yrs	100%	BBB/NR/BBB
Class F	€14,506,000	3 mth EURIBOR + 3.00% [(4)]	Oct-19	Oct-16	7.01yrs	100%	BB/NR/BB

(1) Based on the assumptions set out in "*Estimated Average Lives of the Notes*".

(2) The Class X Note will bear interest at a variable rate of interest set out under "*The Notes – Interest payable on the Class X Note on any Payment Date*", below.

(3) For the first Interest Period, the number of days on which interest accrues in respect of the Notes will be greater than the number of days on which interest accrues in respect of the underlying Loans (due to each Loan Payment Date in respect of the underlying Loans falling before the first Payment Date in respect of the Notes) which will lead to a reduced Class X Interest Amount and a lower Class X Interest Rate. For each subsequent Interest Period, the number of days on which interest accrues in respect of the Notes may also be greater than the number of days on which interest accrues in respect of the underlying Loans which will lead to a reduced Class X Interest Amount and a lower Class X Interest Rate.

(4) The interest due and payable in respect of the Class F Notes is subject, on any Payment Date, to a maximum amount equal to the lesser of (a) the Regular Note Interest Amount in respect of the Class F Notes for such Payment Date and (b) the Adjusted Class F Interest Amount (as defined in Condition 5(c) (Note Rate of Interest and Calculation of Interest Amounts for Notes).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States. The Notes are being offered and sold (1) within the United States in reliance on Rule 144A under the Securities Act ("**Rule 144A**") only to persons that are "**qualified institutional buyers**" (each, a "**QIB**") within the meaning of Rule 144A, and the rules and regulations thereunder, in each case acting for their own account or for the account of another QIB, and (2) outside of the United States to non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), in an offshore transaction in reliance on Regulation S. The Notes may not be reoffered, resold, pledged, exchanged or otherwise transferred except in transactions exempt from or not subject to the registration requirements of, the Securities Act and any other applicable securities laws. By its purchase of the Notes, each purchaser will be deemed to have (1) represented and warranted that (i) it is a QIB, acting for its own account or for the account of another QIB, or (ii) it is a non-U.S. person located outside of the United States, and (2) agreed that it will only resell or otherwise transfer such Notes in accordance with the applicable restrictions set forth herein. For a more complete description of restrictions on offers and sales, see "*Transfer Restrictions*".

Regulation S Notes (as defined herein) of each class will be represented on issue by beneficial interests in one or more permanent global certificates (each a "**Regulation S Global Certificate**"), in fully registered form, without interest coupons attached, which will be deposited on the Closing Date with, and registered in the name of ABN AMRO GTS Nominees Limited as nominee for, and deposited with ABN AMRO Bank N.V. (London Branch) as common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Interests in any Regulation S Note may not at any time be held by any U.S. person (as defined in Regulation S) or any U.S. resident (as determined for the purposes of the Investment Company Act). Rule 144A Notes (as defined herein) of each Class will be represented on issue by beneficial interests in one or more permanent global certificates (each a "**Rule 144A Global Certificate** "), in fully registered form, without interest coupons, which will be deposited on or about the Closing Date with LaSalle Bank National Association as custodian for, and registered in the name of, Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Ownership interests in the Regulation S Global Certificates and the Rule 144A Global Certificates (together, the "**Global Certificates**") will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC, respectively, and their respective participants. Notes in individual, certificated and fully registered form will be issued only in the limited circumstances described herein. In each case, purchasers and transferees of Notes will be deemed to have made certain representations and agreements. See "***Description of the Notes***", "***Book-Entry Clearance Procedures***", "***Subscription and Sale***" and "***Transfer Restrictions***" below.

A "*Risk Factors*" section is included in this Prospectus. Prospective Noteholders should be aware of the aspects of the issuance of the Notes that are described in that section. This Prospectus constitutes a "Prospectus" for the purposes of Directive 2003/71/EC.

Sole Lead Manager and Sole Bookrunner

LEHMAN BROTHERS

Co-Managers

ABN AMRO **BANCAJA**

The date of this Prospectus is 5 April 2007.

(*) The total issue amount does not include the issue amount of the Class X Note.

Except as described below, the Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer is not and will not be regulated by the Financial Regulator in Ireland as a result of issuing the Notes. Any investment in Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Financial Regulator in Ireland.

The information relating to the Borrowers, which is set out in the "*Summary*", "*Risk Factors*", "*The Loans*" and "*Servicing of the Loans*" sections of this Prospectus, has been accurately reproduced from information made available by the Borrowers and/or derived from the terms of the relevant Loan and Related Security. So far as the Issuer is aware and is able to ascertain from information published by the Borrowers, no facts have been omitted which would render the reproduced information misleading.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Originators, the Managers, the General Master Servicer, the General Special Servicer, the French Servicer, the French Special Servicer, the Italian Master Servicer, the Italian Special Servicer, any Delegate Servicer, any Delegate Special Servicer, the Cash Manager, the Note Trustee, the Irish Corporate Services Provider, the Paying Agents, the Agent Bank, the Registrar, the Transfer Agent, the Liquidity Facility Provider, the Interest Rate Swap Providers, the Currency Swap Provider, the Swap Guarantor, the Exchange Agent, the Issuer Account Bank, the Italian Issuer, the Representative of the Italian Noteholders, the Italian Corporate Services Provider, the Swiss SPV, the Swiss SPV Corporate Services Provider, the Swiss SPV Account Bank or LBF (each as described in this Prospectus). Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes (including any direct or indirect interests therein) will, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date. This Prospectus may only be used for the purposes for which it has been prepared.

Other than the approval by the Financial Regulator in Ireland of this Prospectus and the application to be made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market, no action has been or will be taken to permit a public offering of the Notes (including any direct or indirect interests therein) or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offering of the Notes (including any direct or indirect interests therein) in certain jurisdictions may be restricted by law. Persons receiving or obtaining this Prospectus or any part of this Prospectus are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of this Prospectus constitutes an offer of the Notes or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase any of the Notes (including any direct or indirect interests therein) and neither this Prospectus, nor any part of this Prospectus, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes (including any direct or indirect interests therein) and distribution of this Prospectus or any part of this Prospectus see "*Notice to U.S. Investors*", "*Subscription and Sale*" and "*Transfer Restrictions*" below.

Neither the Managers, the Note Trustee nor any of their respective affiliates has separately verified the information contained herein, and accordingly neither the Managers, the Note Trustee nor any of their respective affiliates makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Notes or their distribution, or the future performance and adequacy of the Notes, and none of them accepts any responsibility or liability therefore. Neither the Managers, the Note Trustee nor any of their respective affiliates 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 their attention.

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Prospectus under "*Transfer Restrictions*".

The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Description of the Notes*" and "*Transfer Restrictions*".

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Notes are restricted securities within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser designated by such holder or beneficial owner of such restricted securities in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such restricted securities or any interest therein, in each case at the request of such holder, beneficial owner or prospective purchaser to the Issuer, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a private company incorporated with limited liability in Ireland. The majority of the directors of the Issuer currently reside in Ireland. As a result, it may not be possible to effect service of process within the United States upon such persons to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of the federal or state securities laws of the United States. There is doubt as to the enforceability in Ireland, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE STATE OF NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FORWARD-LOOKING STATEMENTS

Certain matters contained in this Prospectus are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms.

Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including, but not limited to, the economic environment and changes in governmental regulations and laws, fiscal policy, planning or tax laws in the UK, Ireland, Germany, The Netherlands, Switzerland, Italy and France. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. No Manager has attempted to verify any such statements, nor does any Manager make any representation, express or implied, with respect thereto.

TRANSFER RESTRICTIONS

THE NOTES HAVE NOT BEEN AND ARE NOT EXPECTED TO 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 (AS DEFINED IN REGULATION S) EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE ISSUER HAS BEEN ADVISED THAT (A) LEHMAN BROTHERS INTERNATIONAL (EUROPE) PROPOSES TO RESELL THE NOTES OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S AND (B) LEHMAN BROTHERS INTERNATIONAL (EUROPE) PROPOSES TO RESELL THE NOTES IN THE UNITED STATES (DIRECTLY OR THROUGH ITS U.S. BROKER-DEALER AFFILIATE) IN RELIANCE ON RULE 144A ONLY TO QIBS PURCHASING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNTS OF QIBS.

THE REGULATION S NOTES WILL NOT BE OFFERED, SOLD OR DELIVERED TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AS PART OF THEIR DISTRIBUTION AT ANY TIME AND EACH DISTRIBUTOR, DEALER OR PERSON RECEIVING A SELLING CONCESSION, FEE OR OTHER REMUNERATION TO WHICH REGULATION S NOTES ARE SOLD WILL RECEIVE A CONFIRMATION OR OTHER NOTICE SETTING OUT THE PROHIBITION ON OFFERS AND SALES OF THE REGULATION S NOTES WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

STABILISATION

In connection with the issue of the Notes, Lehman Brothers International (Europe) (the "**Stabilising Manager**") (or any person acting for the Stabilising Manager) may for a limited period over-allot Notes (*provided* that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising

Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, will be carried out in accordance with all applicable laws and may end at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

CAPITALISED TERMS USED IN THIS PROSPECTUS; CURRENCY REFERENCES; NUMERICAL INFORMATION

From time to time capitalised terms are used in this Prospectus. Each of those capitalised terms has the meaning assigned to it in this Prospectus. An index of principal definitions is included at the end of this Prospectus for purposes of identifying where the definitions of certain capitalised terms are located.

All references in this document to "**Euro**", "**euro**", "**EUR**" or "**€**" are to the currency introduced at the commencement of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, references to "**U.S. Dollars**", "**dollars**", "**$**", "**Dollars**" or "**U.S.$**" are to the lawful currency for the time being of the United States of America and references to "**CHF**" or "**Swiss Francs**" are to the lawful currency for the time being of Switzerland.

Prospective Noteholders should note that the information contained in this Prospectus with respect to the Loans is presented on the following basis:

(a) all information is given as of the Cut-Off Date (other than in relation to certain information contained in the section entitled "*Risk Factors*", which is given as of the date of the relevant reports provided in relation to the relevant Loan);

(b) all numerical information provided with respect to the Loans is provided on an approximate basis;

(c) all numerical information provided with respect to weighted average unexpired lease terms relates to commercial leases only;

(d) all numerical information expressed as a percentage of investment grade income relates to commercial tenants only;

(e) all numerical information in relation to the Corvatsch Secured Loan, the Corviglia Secured Loan and the Cinedome Secured Loan is expressed using an exchange rate of 1€ equals CHF 1.6255;

(f) all weighted average information provided with respect to the Loans reflects a weighting based on their respective anticipated principal balances as at the Cut-Off Date, assuming that no unexpected payments of principal or interest are received prior to the Cut-Off Date other than scheduled amortisation;

(g) where reference is made to the value of a Property, such value is based on the value attributed by the Valuation of that Property. See "*Origination of the Loans – Valuations*";

(h) unless otherwise stated, all information in relation to the Bridge Loan, the Woolworth Boenen Loan, the Falcon Crest Loan and the E-Shelter Loan, reflects only the portion of the relevant Whole Loan that the Issuer will acquire on the Closing Date, such portion being the A Piece;

(i) unless otherwise stated, all information in relation to the Loans assumes that the Italian Loan is purchased by the Italian Issuer and the Italian Notes are subscribed for by the Issuer pursuant to the terms and conditions of the Italian Notes as described herein; and

(j) unless otherwise stated, all information in relation to the Loans assumes that all payments of interest and principal due on the Loan Payment Date falling in 15 January 2007 (and, with respect to the Italian Loan, 6 February 2007) have been made in full.

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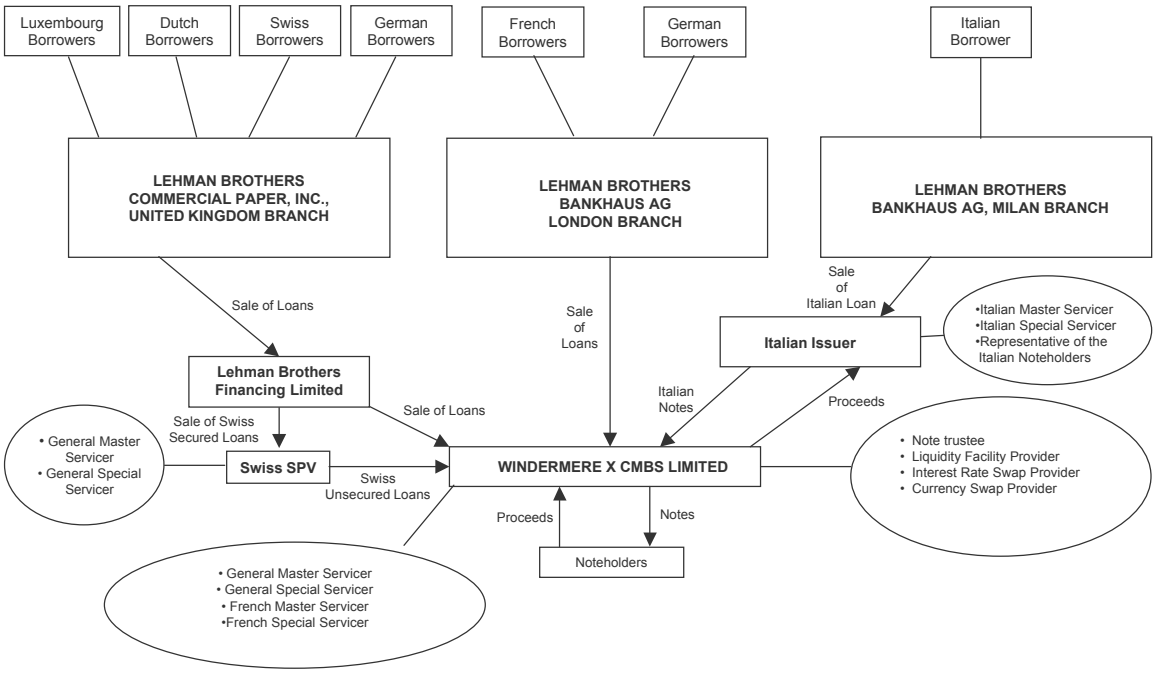
SUMMARY

The following summary does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, the more detailed information contained elsewhere in this Prospectus and the terms and conditions of the Notes (the "Conditions") and the Transaction Documents.

Capitalised terms utilised in this summary and not otherwise defined have the meanings attributable to them elsewhere in this Prospectus. A listing of the pages on which these terms are defined is found in "Index of Defined Terms".

1. Diagram of Transaction Structure



Note: the issue of the Italian Notes is conditional upon certain events occurring and, as at the Closing Date, there is no obligation on the Italian Issuer to issue the Italian Notes to the Issuer. Furthermore, if the Italian Notes are not issued by the Italian Notes Final Issue Date, then the Italian Notes Subscription Amount will be treated as Available Pro Rata Principal and be applied in accordance with the applicable Issuer Priority of Payments on the Italian Notes Final Issue Date.

2. Introduction to the transaction

The Issuer will issue the Notes on the Closing Date and, using an amount equal to the proceeds of the issuance of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (together, the "**Regular Notes**") together with the premium on the Class X Note, the Issuer will become entitled to the Portfolio Debt Obligations (as defined below).

The Portfolio Debt Obligations

The "**Portfolio Debt Obligations**" are comprised of the following:

(a) pursuant to the terms of a loan sale agreement (the "**Master Loan Sale Agreement**") to be entered into on the Closing Date between the Issuer, Lehman Brothers Bankhaus AG, London Branch ("**Bankhaus London**"), Lehman Brothers Commercial Paper, Inc., United Kingdom Branch ("**LCPI**"), Lehman Brothers Financing Limited ("**LBF**") and the Note Trustee, the Issuer will acquire:

(i) eight German loans (two of which are governed by English Law) (the "**German Loans**") secured by predominantly first ranking land charges (*Grundschuld*) over 115 properties (the "**German Properties**") located in the Federal Republic of Germany, together with the security granted in respect of each of those German Loans;

(ii) two Dutch loans (the "**Dutch Loans**") secured by first ranking security over 22 properties (the "**Dutch Properties**") located in The Netherlands, together with the security granted in respect of each of those Dutch Loans;

(iii) one French loan (the "**French Loan**") secured by one first ranking mortgage (*hypothèque*) and one second ranking mortgage (*hypothèque*) over one property (the "**French Property**") located in France, together with the security granted in respect of the French Loan;

(b) pursuant to the terms of three Swiss law unsecured loan agreements (the "**Swiss Unsecured Loan Agreements**") to be entered into on the Closing Date, the Issuer will (after swapping a portion of the proceeds from the issuance of the Notes into Swiss Francs under the relevant Currency Swap Transaction) advance the three Swiss Unsecured Loans to the Swiss SPV. The Swiss Unsecured Loans will represent: (i) in the case of the Corvatsch Unsecured Loan, an economic interest in the whole of the Corvatsch Secured Loan (as defined below) and, in the case of the purchase of any relevant Corvatsch Capex Advance (as defined below) subject to and in accordance with the terms of the relevant Loan Sale Agreement, an economic interest in the Corvatsch Secured Whole Loan; (ii) in the case of the Corviglia Unsecured Loan, an economic interest in the whole of the Corviglia Secured Loan (as defined below) and (iii) in the case of the Cinedome Unsecured Loan, an economic interest in the whole of the Cinedome Secured Loan; and

(c) pursuant to the terms of an Italian law subscription agreement (the "**Italian Notes Subscription Agreement**") to be entered into on or about the Italian Issue Date (as defined below, but which may be a date falling after the Closing Date) between the Italian Issuer, the Representative of the Italian Noteholders, Lehman Brothers Bankhaus AG, Milan Branch ("**Bankhaus Milan**") and the Issuer and subject to the execution thereof, the Issuer will subscribe for the Italian Notes (and until the Issuer subscribes for the Italian Notes an amount equal to the Italian Note Subscription Amount will be (unless otherwise utilised as set out herein) deposited in the Issuer Euro Transaction Account), provided that, if the Italian Notes are not issued by the Payment Date falling in August 2007 (the "**Italian Notes Final Issue Date**"), then the Italian Notes Subscription Amount will be treated as Available Pro Rata Principal and be applied in accordance with the applicable Issuer Priority of Payments on the Italian Notes Final Issue Date.

The Swiss Secured Loans

On the Closing Date, the Swiss SPV will use an amount equal to the amount advanced to it by the Issuer under the Swiss Unsecured Loans (as defined below) to acquire from LBF its right, title, benefit and interest in three commercial loans secured on Swiss real estate (respectively, the "**Corvatsch Secured Loan**", the "**Corviglia Secured Loan**" and the "**Cinedome Secured Loan**", together the "**Swiss Secured Loans**") and originated by Lehman Commercial Paper Inc., United Kingdom Branch ("**LCPI**"), together with the related interests in certain Swiss Collateral Security (as defined below). Payments received by the Swiss SPV with respect to the Corvatsch Secured Loan, the Corviglia Secured Loan and the Cinedome Secured Loan, will be utilised by the Swiss SPV to meet its own costs and expenses and to fund its payment obligations to the Issuer under the corresponding Swiss Unsecured Loans, as described in the section entitled "*Swiss Unsecured Loans*". References herein to the "**Swiss Unsecured Loans**" means the Corvatsch Unsecured Loan, the Corviglia Unsecured Loan and the Cinedome Unsecured Loan.

"**Swiss Collateral Security**" means the Swiss law governed mortgage notes (the "**Swiss Mortgage Notes**") together with the other security for the Swiss Secured Loans (as set out in more detail in "*The Swiss SPV and the Swiss Unsecured Loans*" below).

The Italian Notes

An amount equal to €131,555,314 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Issuer Euro Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager (the "**Italian Notes Subscription Amount**"). Subject to the execution of the Italian Notes Subscription Agreement, on the date on which the Italian Issuer issues the Italian Notes (the "**Italian Issue Date**"), the Issuer will pay a subscription amount equal to the Italian Notes Subscription Amount to the Italian Issuer, so as to acquire the Italian Notes. However, if the Italian Notes are not issued by the Italian Notes Final Issue Date, then the Italian Notes Subscription Amount will, on such Payment Date, be treated as Available Pro Rata Principal and be applied in accordance with the applicable Issuer Priority of Payments on the Italian Notes Final Issue Date.

On or about the Italian Issue Date, the Italian Issuer will use the proceeds of the issuance of the Italian Notes to acquire from Bankhaus Milan, pursuant to the terms of the Italian Receivables Purchase Agreement (as defined below), a portfolio of receivables arising out of the Italian Loan (the "**Italian Receivables**").

The Loans

The German Loans, the Dutch Loans, the Swiss Secured Loans, the Italian Loan, and the French Loan are referred to together as the "**Loans**" and each a "**Loan**". For the avoidance of doubt, the term "**Loan**" will only include, with reference to the Bridge Loan, the Woolworth Boenen Loan, the Falcon Crest Loan and the E-Shelter Loan, that portion of a Whole Loan that the Issuer will acquire on the Closing Date (each an "**A Piece**") with the portion of such Whole Loan not acquired by the Issuer on the Closing Date (each a "**Specific B Piece**") retained (and/or, as applicable, subsequently sold) by the relevant Originator, LBF, an affiliate or affiliates of Lehman Brothers International (Europe) and/or, as applicable, by another financial institution (each such party being a "**Specific B Piece Lender**").

The A Piece and the Specific B Piece together of each Whole Loan are referred to herein as a "**Whole Loan**" (and together, the "**Whole Loans**") and the "**Bridge Whole Loan**", the "**Woolworth Boenen Whole Loan**", the "**Falcon Crest Whole Loan**", and the "**E-Shelter Whole Loan**" are comprised of the A Piece, the Specific B Piece and, in the case of the E-Shelter Whole Loan, also the Capex B Piece, portions of such Whole Loans.

The German Loans, the Dutch Loans, the Italian Loan and the French Loan are denominated in Euro and the Swiss Secured Loans and the Swiss Unsecured Loans are denominated in Swiss Francs. Each Loan is made to a different borrower or borrowers (each, a "**Borrower**" and together, the "**Borrowers**"). For the purposes of this Prospectus, each of the Federal Republic of Germany, The Netherlands, Switzerland, Italy and France is a "**Relevant Jurisdiction**" and together the "**Relevant Jurisdictions**".

As at 15 January 2007 (the "**Cut-Off Date**"), the Loans would have had an aggregate outstanding principal balance of €1,497,406,803[1] (the "**Cut-Off Date Pool Balance**") if such Loans had been fully drawn at such time. As at the Cut-Off Date, the Loans (based on the actual drawn amount of the Loans) had an aggregate outstanding principal balance of €1,458,707,963 (including the Fortezza VAT Facilities, as defined below) (the "**Cut-Off Date Drawn Balance**").

The Capex Facilities

The Firebird Loan, the Thunderbird Loan, the E-Shelter Loan, the Corvatsch Secured Loan and the Tour Esplanade Loan Agreement all benefit from a capex facility of (a) €4,039,850 in the case of the Firebird Loan, (b) €13,383,014 in the case of the Thunderbird Loan, (c) CHF 5,000,000 in the case of the Corvatsch Secured Loan, (e) €15,000,000 in the case of the E-Shelter Loan and (f) €3,200,000 in relation to the Tour Esplanade Loan Agreement (together, the "**Capex Facilities**" and each a "**Capex Facility**").

The term "Loan" will include, in relation to the Firebird Loan, the Thunderbird Loan, the E-Shelter Loan and the Tour Esplanade Loan, that portion of the related Capex Facility (if any) that the Issuer acquires on the Closing Date and any subsequent Capex Advance that that the Issuer may subsequently acquire from time to time. In addition, the Corvatsch Unsecured Loan will include that portion of the related Corvatsch Unsecured Capex Advance that the Issuer may subsequently acquire and/or grant from time to time, each as described in "*The Capex Advances*" below.

Any Capex Advance which the Issuer is not permitted to acquire due to the failure of the relevant Capex Test (as defined below) is a "**Capex B Piece**" and, together with the Specific B Pieces, forms the "**B Pieces**" and each is a "**B Piece**".

Each of the Firebird Loan, the Thunderbird Loan, the E-Shelter Loan and the Corvatsch Unsecured Loan (each an "**A Piece**"), together with any relevant Capex B Pieces (if applicable) is referred to herein as a "**Whole Loan**" (and together, the "**Whole Loans**") and the "**Firebird Whole Loan**", the "**Thunderbird Whole Loan**", the "**E-Shelter Whole Loan**" and the "**Corvatsch Unsecured Whole Loan**" are comprised of the relevant Loans (or, as applicable, the Corvatsch Unsecured Loan) and the relevant Capex B Pieces (if applicable) or, in the case of the E-Shelter Whole Loan, the Specific B Piece and the Capex B Piece.

The Capex Advances

An amount equal to €4,039,850 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Firebird Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**Firebird Initial Capex Advance Amount**". The advance of further amounts on or after the Closing Date by LCPI to the relevant Firebird Borrowers (each, a "**Firebird Capex Advance**") is conditional upon, *inter alia*, the relevant Firebird Borrowers meeting the Firebird Capex Advance Conditions (as defined below) and requesting drawing(s) from the capex facility under the Firebird Loan up to, in aggregate, the Firebird Initial Capex Advance Amount. Upon the same date as the advance of a Firebird Capex Advance by LCPI to the applicable Firebird Borrower and, provided that the relevant Capex Test is met, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such

[1] Using an exchange rate of 1€ = 1.6255 CHF.

Firebird Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Firebird Capex Advance to the Issuer.

"**Firebird Capex Advance Conditions**" means the relevant Security Agent having received and approved certain documents including (but not limited to) (i) drawings, calculations, plans and specifications for the property improvements; (ii) any requisite consents under planning laws; (iii) development documents; (iv) collateral warranties and (v) any other document which the Security Agent considers to be necessary.

However, if the relevant Capex Test is not met, then such Firebird Capex Advance will remain with LBF and constitute part of the Firebird Capex B Piece pursuant to the terms of an intercreditor agreement to be entered into on or about 12 April 2007 (the "**Firebird Intercreditor Agreement**"). LBF will finance its acquisition of the Firebird Capex B Piece independently. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant Firebird Capex B Piece from LBF using the amounts standing to the credit of the Firebird Capex Reserve Account and thereafter the relevant Firebird Capex B Piece will form part of the Firebird Loan.

If:

(a) a Firebird Capex Advance has been made to any Firebird Borrower but the relevant Capex Test has not been met: (i) at such time; and (ii) in addition, for four consecutive three monthly periods thereafter, then on the immediately following Payment Date (a "**Firebird Special Principal Payment Date**") an amount equal to such advanced amount and still at such time standing to the credit of the Firebird Capex Reserve Account will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such Firebird Special Principal Payment Date (the "**Firebird Distributable Capex Amount**"); and/or

(b) by the Payment Date falling in April 2008 (also a "**Firebird Special Principal Payment Date**") the total aggregate amount of Firebird Capex Advances advanced by LCPI is, in aggregate, less than the Firebird Initial Capex Advance Amount then the amount which is the difference between such amounts will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such Firebird Special Principal Payment Date (also the "**Firebird Distributable Capex Amount**").

An amount equal to €13,383,014 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Thunderbird Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**Thunderbird Initial Capex Advance Amount**". The advance of further amounts on or after the Closing Date by LCPI to the relevant Thunderbird Borrowers (each, a "**Thunderbird Capex Advance**") is conditional upon, *inter alia*, the relevant Thunderbird Borrowers meeting the Thunderbird Capex Advance Conditions (as defined below) and requesting drawing(s) from the capex facility under the Thunderbird Loan up to, in aggregate, the Thunderbird Initial Capex Advance Amount. Upon the same date as the advance of a Thunderbird Capex Advance by LCPI to the applicable Thunderbird Borrower and, provided that the relevant Capex Test is met, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Thunderbird Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Thunderbird Capex Advance to the Issuer provided that the relevant Capex Test is met.

"**Thunderbird Capex Advance Conditions**" means the relevant Security Agent having received and approved certain documents including (but not limited to) (i) drawings, calculations, plans and specifications for the property improvements; (ii) any requisite consents under planning laws; (iii) development documents; (iv) collateral warranties and (v) any other document which the Security Agent considers to be necessary.

However, if the relevant Capex Test is not met, then such Thunderbird Capex Advance will remain with LBF and constitute part of the Thunderbird Capex B Piece pursuant to the terms of an

intercreditor agreement to be entered into on or about 12 April 2007 (the "**Thunderbird Intercreditor Agreement**"). LBF will finance its acquisition of the Thunderbird Capex B Piece independently. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant Thunderbird Capex B Piece from LBF using the amounts standing to the credit of the Thunderbird Capex Reserve Account and thereafter the relevant Thunderbird Capex B Piece will form part of the Thunderbird Loan.

If:

(a) a Thunderbird Capex Advance has been made to any Thunderbird Borrower but the relevant Capex Test has not been met: (i) at such time; and (ii) in addition, for four consecutive three monthly periods thereafter, then on the immediately following Payment Date (a "**Thunderbird Special Principal Payment Date**") an amount equal to such advanced amount and still at such time standing to the credit of the Thunderbird Capex Reserve Account will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such Thunderbird Special Principal Payment Date (the "**Thunderbird Distributable Capex Amount**"); and/or

(b) by the Payment Date falling in July 2009 (also a "**Thunderbird Special Principal Payment Date**") the total aggregate amount of Thunderbird Capex Advances advanced by LCPI is, in aggregate, less than the Thunderbird Initial Capex Advance Amount then the amount which is the difference between such amounts will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such Thunderbird Special Principal Payment Date (also the "**Thunderbird Distributable Capex Amount**").

An amount equal to CHF 5,000,000 of the subscription proceeds of the Regular Notes (after conversion from Euros to Swiss Francs in accordance with the terms of the relevant Currency Swap Transaction) will be retained by the Issuer in the Corvatsch Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**Corvatsch Initial Capex Advance Amount**".

The advance of amounts on or after the Closing Date by LCPI to the relevant Corvatsch Borrowers pursuant to the terms of the relevant Capex Facility (each, a "**Corvatsch Secured Capex Advance**") is conditional upon, *inter alia*, the relevant Corvatsch Borrowers requesting drawing(s) from the Capex Facility up to, in aggregate, an amount equal to the Corvatsch Initial Capex Advance Amount.

Upon the same date as the advance of a Corvatsch Secured Capex Advance by LCPI to the applicable Corvatsch Borrower pursuant to the terms of the relevant Capex Facility and, provided that the relevant Capex Test is met, the Issuer will advance an amount equal to such Corvatsch Secured Capex Advance (the "**Corvatsch Unsecured Capex Advance**"), which will represent an economic interest in the Corvatsch Secured Capex Advance, to the Swiss SPV pursuant to the terms of the Corvatsch Unsecured Loan Agreement (as defined below). The Swiss SPV will in turn pay an amount equal to such Corvatsch Secured Capex Advance to LBF pursuant to the terms of the Corvatsch Secured Loan Agreement and LBF will use this amount to purchase the then Corvatsch Secured Capex Advance from LCPI. LBF will thereafter subsequently transfer such Corvatsch Secured Capex Advance to the Swiss SPV in accordance with the terms of the Corvatsch Secured Loan Agreement.

However, if the relevant Capex Test is not met, then LBF will instead, pursuant to the terms of the Corvatsch Intercreditor Agreement, advance such Corvatsch Unsecured Capex Advance to the Swiss SPV, which will represent an economic interest in the Corvatsch Secured Capex Advance, and such Corvatsch Unsecured Capex Advance will constitute part of the then Corvatsch Capex B Piece pursuant to the terms of an intercreditor agreement to be entered into on or about 12 April 2007 (the "**Corvatsch Intercreditor Agreement**"). LBF will finance its acquisition of the Corvatsch Capex B Piece independently. The relevant Capex Test however is to be re-tested every three months from the

date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase such Corvatsch Capex B Piece from LBF using the amounts standing to the credit of the Corvatsch Capex Reserve Account and thereafter the relevant Corvatsch Capex B Piece will form part of the Corvatsch Capex A Piece of the Corvatsch Unsecured Loan.

If:

(a) a Corvatsch Unsecured Capex Advance has been advanced but the relevant Capex Test has not been met: (i) at such time; and (ii) in addition, for four consecutive three monthly periods thereafter, then on the immediately following Payment Date (a "**Corvatsch Special Principal Payment Date**") an amount equal to such advanced amount and still at such time standing to the credit of the Corvatsch Capex Reserve Account will thereafter be treated by the Issuer as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such Corvatsch Special Principal Payment Date (the "**Corvatsch Distributable Capex Amount**"); and/or

(b) by the Payment Date falling in July 2011 (also a "**Corvatsch Special Principal Payment Date**") the total aggregate amount of Corvatsch Unsecured Capex Advances advanced by the Swiss SPV is, in aggregate, less than the Corvatsch Capex Advance Amount, then the amount which is the difference between such amounts will thereafter be treated by the Issuer as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such Corvatsch Special Principal Payment Date (also the "**Corvatsch Distributable Capex Amount**").

An amount equal to €15,000,000 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the E-Shelter Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**E-Shelter Initial Capex Advance Amount**". The advance of further amounts on or after the Closing Date by Bankhaus London to the E-Shelter Borrower (each, an "**E-Shelter Capex Advance**") is conditional upon, *inter alia*, the E-Shelter Borrower requesting drawing(s) from the capex facility under the E-Shelter Loan up to, in aggregate, the E-Shelter Initial Capex Advance Amount. Upon the same date as the advance of an E-Shelter Capex Advance by Bankhaus London to the applicable E-Shelter Borrower and, provided that the relevant Capex Test is met, the Issuer will pay an amount equal to such advance to purchase such E-Shelter Capex Advance from Bankhaus London.

However, if the relevant Capex Test is not met, then such E-Shelter Capex Advance will remain with Bankhaus London and constitute part of the E-Shelter Capex B Piece pursuant to terms of an intercreditor agreement to be entered into on or about 12 April 2007 (the "**E-Shelter Intercreditor Agreement**"). The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant E-Shelter Capex B Piece from Bankhaus London using the amounts standing to the credit of the E-Shelter Capex Reserve Account and thereafter the relevant E-Shelter Capex B Piece will form part of the E-Shelter Loan.

If:

(a) an E-Shelter Capex Advance has been made to any E-Shelter Borrower but the relevant Capex Test has not been met: (i) at such time; and (ii) in addition, for four consecutive three monthly periods thereafter, then on the immediately following Payment Date (an "**E-Shelter Special Principal Payment Date**") an amount equal to such advanced amount and still at such time standing to the credit of the E-Shelter Capex Reserve Account will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such E-Shelter Special Principal Payment Date (the "**E-Shelter Distributable Capex Amount**"); and/or

(b) by the Payment Date falling in January 2012 (also an "**E-Shelter Special Principal Payment Date**") the total aggregate amount of E-Shelter Capex Advances advanced by LCPI is, in

aggregate, less than the E-Shelter Initial Capex Advance Amount then the amount which is the difference between such amounts will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on such E-Shelter Special Principal Payment Date (also the "**E-Shelter Distributable Capex Amount**").

An amount equal to €3,200,000 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Tour Esplanade Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**Tour Esplanade Initial Capex Advance Amount**". The advance of further amounts on or after the Closing Date by Bankhaus London to the Tour Esplanade Borrower (each, an "**Tour Esplanade Capex Advance**") is conditional upon, *inter alia*, the Tour Esplanade Borrower requesting drawing(s) from the capex facility under the Tour Esplanade Loan Agreement up to, in aggregate, the Tour Esplanade Initial Capex Advance Amount. Upon the same date as the advance of a Tour Esplanade Capex Advance by Bankhaus London to the applicable Tour Esplanade Borrower, the Issuer will purchase such Tour Esplanade Capex Advance from Bankhaus London by payment to Bankhaus London of an amount equal to such Tour Esplanade Capex Advance. However, if the total aggregate amount of Tour Esplanade Capex Advances advanced by Bankhaus London is not, in aggregate, equal to the Tour Esplanade Initial Capex Advance Amount by the Payment Date falling in July 2019 (the "**Tour Esplanade Special Principal Payment Date**"), then the amount which is still standing to the credit of the Tour Esplanade Capex Reserve Account on such date (the "**Tour Esplanade Remaining Capex Advance Amount**") will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Tour Esplanade Special Principal Payment Date.

Each Firebird Capex Advance, Thunderbird Capex Advance, Corvatsch Unsecured Capex Advance, E-Shelter Capex Advance and Tour Esplanade Capex Advance are together referred to as the "**Capex Advances**" (and each is a "**Capex Advance**").

Each Firebird Special Principal Payment Date, Thunderbird Special Principal Payment Date, Corvatsch Special Principal Payment Date, E-Shelter Special Principal Payment Date and Tour Esplanade Special Principal Payment Date are together referred to as the "**Special Principal Payment Dates**" and each, a "**Special Principal Payment Date**".

The Capex Test

For each relevant Loan the "**Capex Test**" will be deemed to have been met at the relevant time of testing if the following three statements are true at such time:

(1) the Expected Loan to Value was equal to or less than the Initial Loan to Value for the relevant Whole Loan as at the Loan Payment Date falling immediately prior to the applicable testing date, where:

(a) "**Initial Loan to Value**" for the relevant Whole Loan is the amount expressed as a percentage of the principal amount outstanding on the Whole Loan on the Loan Payment Date falling in January 2007 divided by the then most recent aggregate valuation of the Properties the subject of such Whole Loan; and

(b) "**Expected Loan to Value**" for the relevant Whole Loan is the amount expressed as a percentage of the principal amount outstanding on the Whole Loan on the Loan Payment Date falling immediately prior to the relevant time of testing but also including for these purposes an amount equal to the then requested Capex Advance to be advanced to the relevant Borrower at such time divided by the then most recent aggregate valuation of the Properties the subject of such Whole Loan;

(2) the Expected ICR was equal to or greater than the Initial ICR for the relevant Whole Loan, for the two previous Loan Payment Dates falling immediately prior to the applicable testing date where:

(a) the "**Initial ICR**" for the relevant Whole Loan is the amount expressed as a ratio of the aggregate rental income of the relevant Borrowers the subject of the Whole Loan for the Loan Interest Period ending immediately prior to the Loan Payment Date falling in January 2007 divided by the amount of interest required to be paid on such Whole Loan on the Loan Payment Date falling in January 2007; and

(b) the "**Expected ICR**" for the relevant Whole Loan is the amount expressed as a ratio of the aggregate rental income of the relevant Borrowers the subject of the Whole Loan during the immediate preceding Loan Interest Period ending immediately prior to such Loan Payment Date divided by the amount of interest required to be paid on such Whole Loan on such Loan Payment Date and including for these purpose the increased amount of interest that would have been required to be paid on the assumption that the then requested Capex Advance had been made to the relevant Borrower as such time; and

(3) the Expected DSCR was equal to or greater than the Initial DSCR for the relevant Whole Loan for the two previous Loan Payment Dates falling immediately prior to the applicable testing date where:

(a) the "**Initial DSCR**" for the relevant Whole Loan is the amount expressed as a ratio of the aggregate rental income of the relevant Borrowers the subject of the Whole Loan for the Loan Interest Period ending immediately prior to the Loan Payment Date falling in January 2007 divided by the amount of interest and scheduled amortising principal required to be paid on such Whole Loan on the Loan Payment Date falling in January 2007; and

(b) the "**Expected DSCR**" for the relevant Whole Loan is the amount expressed as a ratio of the aggregate rental income of the relevant Borrowers the subject of the Whole Loan during the immediately preceding Loan Interest Period ending immediately prior to such Loan Payment Date divided by the amount of interest and scheduled amortising principal required to be paid on such Whole Loan on such Loan Payment Date but including for these purpose the increased amount of interest and scheduled amortising interest that would have been required to be paid on the assumption that the then requested Capex Advance had been made to the relevant Borrower at such time.

The Notes

The limited recourse obligations of the Issuer under the Notes and to the other Issuer Secured Creditors will be secured pursuant to the terms of the Issuer Deed of Charge, the French Loan Issuer Pledge and the Italian Notes Issuer Pledge.

The Notes will constitute a single series of notes, designated the Windermere X CMBS Limited Commercial Mortgage-Backed Notes, consisting of multiple Classes. The table below identifies the respective classes of the Notes and specifies various characteristics of each class of the Notes.

3. Principal features of the Notes

Windermere X CMBS Limited Commercial Mortgage-Backed Notes

Class	Initial Principal Amount	Interest Rate (per annum)	Maturity Date	Expected Final Payment Date[1]	Weighted Average Life [1]	Expected Rating (S&P / Moody's / Fitch)
Class A	€1,180,000,000	3 mth EURIBOR + 0.16%	Oct-19	Oct-16	5.47yrs	AAA/Aaa/AAA
Class X	€50,000	VARIABLE [2][3]	N/A	N/A	N/A	AAA/Aaa/AAA
Class B	€56,000,000	3 mth EURIBOR + 0.18%	Oct-19	Oct-16	7.01yrs	AAA/Aa1/AA+
Class C	€64,000,000	3 mth EURIBOR + 0.24%	Oct-19	Oct-16	7.01yrs	AA/Aa3/AA
Class D	€112,900,000	3 mth EURIBOR + 0.39%	Oct-19	Oct-16	7.01yrs	A/NR/A
Class E	€70,000,000	3 mth EURIBOR + 0.72%	Oct-19	Oct-16	7.01yrs	BBB/NR/BBB
Class F	€14,506,000	3 mth EURIBOR + 3.00% [4]	Oct-19	Oct-16	7.01yrs	BB/NR/BB

(1) Based on the assumptions set out in "*Estimated Average Lives of the Notes*".

(2) The Class X Note will bear interest at a variable rate of interest set out under "*The Notes – Interest payable on the Class X Note on any Payment Date*", below.

(3) For the first Interest Period, the number of days on which interest accrues in respect of the Notes will be greater than the number of days on which interest accrues in respect of the underlying Loans (due to each Loan Payment Date in respect of the underlying Loans falling before the first Payment Date in respect of the Notes) which will lead to a reduced Class X Interest Amount and a lower Class X Interest Rate. For each subsequent Interest Period, the number of days on which interest accrues in respect of the Notes may also be greater than the number of days on which interest accrues in respect of the underlying Loans which will lead to a reduced Class X Interest Amount and a lower Class X Interest Rate.

(4) The interest due and payable in respect of the Class F Notes is subject, on any Payment Date, to a maximum amount equal to the lesser of (a) the Regular Note Interest Amount in respect of the Class F Notes for such Payment Date and (b) the Adjusted Class F Interest Amount (as defined in Condition 5(c) (Note Rate of Interest and Calculation of Interest Amounts for Notes).

Initial Principal Amount

The table above identifies for each class of Notes the total Principal Amount Outstanding of such Class as at the Closing Date.

Principal Amount Outstanding

The "**Principal Amount Outstanding**" of a Note of any Class or any Class of Notes at any time will equal the face amount of that Note or the aggregate face amount of all Notes of such class, as the case may be, less the aggregate amount of principal payments made in respect of that Note or all Notes of such Class, as the case may be.

Adjusted Notional Amount Outstanding

The "**Adjusted Notional Amount Outstanding**" of a Note of any class or any class of Notes at any time will equal the Principal Amount Outstanding of that Note or the aggregate Principal Amount Outstanding of all Notes of such class, as the case may be, less an amount equal to the sum of any and all Applicable Principal Losses (as defined in Condition 6(f) (*Note Principal Payments, Principal Amount Outstanding, Adjusted Notional*

Amount Outstanding and Pool Factor)) notionally applied to that Note or all Notes of such class, as the case may be. With respect to the Class A Notes and the Class X Note, the Adjusted Notional Amount Outstanding at any time will always be equal to the Principal Amount Outstanding at such time. See "*Risk Factors – Considerations Related to the Notes – Effect of Principal Losses on interest payments and principal payments on the Notes*".

Interest Rates on the Notes

The Class A Notes will accrue interest on the then Principal Amount Outstanding of the Class A Notes at the then applicable interest rate. The Class B Notes will accrue interest on the then Adjusted Notional Amount Outstanding of the Class B Notes at the then applicable interest rate. The Class C Notes will accrue interest on the then Adjusted Notional Amount Outstanding of the Class C Notes at the then applicable interest rate. The Class D Notes will accrue interest on the then Adjusted Notional Amount Outstanding of the Class D Notes at the then applicable interest rate. The Class E Notes will accrue interest on the then Adjusted Notional Amount Outstanding of the Class E Notes at the then applicable interest rate. The Class F Notes will accrue interest on the then Adjusted Notional Amount Outstanding of the Class F Notes at the then applicable interest rate.

The applicable interest rate for each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and the Class F Notes from time to time will be equal to:

(a) the Eurozone interbank offered rate for three month (or in the case of the first Interest Period, the linear interpolation of three and four month) euro deposits ("**EURIBOR**"); plus

(b) the Relevant Margin for such class of Regular Note (as defined in Condition 5(c) (*Note Rates of Interest and Calculation of Interest Amounts for Notes*).

The Relevant Margin in respect of each class of Regular Notes is also identified in the table above.

Interest will accrue on the Principal Amount Outstanding of the Class X Note at the Class X Interest Rate.

Interest will be payable on the Notes in euros quarterly in arrears on each Payment Date.

See "*The Notes – Interest Amount payable on the Class A Notes on any Payment Date*", "*The Notes – Interest amount payable on the Class X Note on any Payment Date*" and "*The Notes – Interest Amount payable on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on any Payment Date prior to the enforcement of the Issuer Security*".

Estimated Average Life and Expected Final Payment Date

The estimated average life of each class of Notes set forth in the table above refers to the estimated average amount of time expressed in years and based on the assumptions set out below, that will elapse from the date of their issuance until all sums to be applied in reduction of the Principal Amount Outstanding of such class of Notes are paid to the related Noteholders (the "**Estimated Average Life**"). The expected final payment date for each class of Notes is the Payment Date on which the last payment of interest prior to redemption of the relevant class of Notes is, based on the assumptions set out below, to be made (the "**Expected Final Payment Date**").

The Estimated Average Life and the Expected Final Payment Date illustrated in the table above were calculated based on the assumptions that:

(a) the Issuer does not sell any Loan, any of the Swiss Unsecured Loans or any of the Italian Notes;

(b) no Loan, Swiss Unsecured Loan or any of the Italian Notes defaults, prepays, partially or fully, or is enforced and no loss arises;

(c) the relevant Borrowers do not exercise their ability to extend the Loan Maturity Date for each Loan that permits such extensions pursuant to and in accordance with the relevant Loan Agreements;

(d) with respect to the Falcon Crest Loan, the relevant Falcon Crest Properties being sold in accordance with the relevant Borrower's business plan;

(e) the Italian Notes are subscribed for by the Issuer and not disposed of thereby and the Italian Loan is purchased by the Italian Issuer;

(f) each of the Firebird Initial Capex Advance Amount, the Thunderbird Initial Capex Advance Amount, the Corvatsch Initial Capex Advance Amount, the E-Shelter Initial Capex Advance Amount and the Tour Esplanade Initial Capex Advance Amount are utilised in full by the Issuer on or before the relevant Special Principal Payment Date.

The Estimated Average Life is further based on the assumption that the Issuer does not redeem the Notes (in accordance with Condition 6(d) (*Optional Redemption in Full*)) upon the aggregate Principal Amount Outstanding of such Notes being less than 10 per cent. of their aggregate Principal Amount Outstanding as at the Closing Date.

Ratings

The expected ratings to be assigned by S&P, Moody's and Fitch, respectively, on issue of the Notes are shown in the table above (see "*Principal Features of the Notes*").

The ratings of the Notes address the timely payment of interest and the ultimate payment of principal on or before the related Maturity Date.

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.

For a description of the limitations of the ratings of the Notes, see "*Risk Factors – Considerations Related to the Notes – Ratings of the Notes*" and "*Ratings*".

4. Parties to the transaction

Issuer

Windermere X CMBS Limited (the "**Issuer**") is a private company incorporated in Ireland with limited liability on 5 March 2007, with company number 435764 whose registered office is at First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, Ireland.

All of the Issuer's share capital is held by or on behalf of Wilmington Trust SP Services (London) Limited (in such capacity, the "**Issuer Share Trustee**"). The shares held by the Issuer Share Trustee are held under the terms of a trust established under Irish law pursuant to the terms of a declaration of trust dated 4 April 2007 (the "**Issuer Share Trust**"), for charitable purposes. See "*Appendix 1 – The Issuer*".

Originators

Lehman Commercial Paper Inc., United Kingdom Branch ("**LCPI**") has originated the following loans:

(i) the Bridge Whole Loan;

(ii) the Thunderbird Whole Loan;

(iii) the Firebird Whole Loan;

(iv) the Lightning Dutch Loan;

(v) the Tresforte Loan;

(vi) the Corvatsch Secured Whole Loan;

(vii) the Corviglia Secured Loan; and

(viii) the Cinedome Secured Loan,

(together, the "**LCPI Loans**").

LCPI is a corporation incorporated under the laws of the State of New York, in the United States of America whose United Kingdom branch address is at 25 Bank Street, London E14 5LE. LCPI will not directly sell any of the LCPI/LBF Loans (as defined below) to the Issuer or, as applicable, the Swiss SPV but will instead sell the LCPI/LBF Loans (as defined below), pursuant to the terms of the Master Loan Sale Agreement to LBF. LBF

will immediately thereafter sell the LCPI/LBF Loans (as defined below) to the Issuer or, as applicable, the Swiss SPV.

Lehman Brothers Bankhaus AG, acting through its London branch ("**Bankhaus London**") has originated the following loans:

(i) the Woolworth Boenen Whole Loan;

(ii) the Falcon Crest Whole Loan;

(iii) the E-Shelter Whole Loan;

(iv) the Tour Esplanade Loan;

(v) the Grazer Damm 2 Loan; and

(vi) the Built Loan,

(together, the "**Bankhaus Originated Loans**").

Lehman Brothers Bankhaus AG, acting through its Milan branch ("**Bankhaus Milan**") has originated the Fortezza Loan Portfolio (the "**Bankhaus Italian Loan**").

Bankhaus London and Bankhaus Milan are branches of Lehman Brothers Bankhaus AG, a private stock corporation (*Aktiengesellschaft*) incorporated under, and duly licensed as a bank under, the laws of the Federal Republic of Germany whose registered head office address is at Rathenauplatz 1 in 60313 Frankfurt am Main. Its London branch address is at 25 Bank Street, London E14 5LE and its Milan branch address is at Piazza del Carmine 4, Milan, Italy.

LCPI, Bankhaus London and Bankhaus Milan are together referred to as the "**Originators**" and each an "**Originator**".

Lehman Brothers Financing Limited

Lehman Brothers Financing Limited ("**LBF**") is a limited company incorporated under the laws of England and Wales with its registered office at 25 Bank Street, London E14 5LB. The activities of LBF are varied but include purchasing the Bridge Whole Loan, the Thunderbird Whole Loan, the Firebird Whole Loan, the Lightning Dutch Loan, the Tresforte Loan, the Corvatsch Secured Loan, the Corviglia Secured Whole Loan and the Cinedome Secured Loan from LCPI and thereafter immediately selling the Bridge Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan, the Tresforte Loan, the Corvatsch Secured Loan, the Corviglia Secured Loan and the Cinedome Secured Loan which will together form the "**LCPI/LBF Loans** " to the Issuer or the Swiss SPV, as applicable.

Italian Issuer

SPV Project 61 S.r.l. (the "**Italian Issuer**") is a limited liability company incorporated in Italy under article 3 of law no. 130 of 30 April 1999 (the "**Italian Securitisation**

	Law"). The Italian Issuer is registered with the companies registrar of Rome under number 08830931005 and with the general register (*elenco generale*) held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of the Italian legislative decree no. 385 of 1 September 1993 (the "**Banking Act**") under 37773. The registered office of the Italian Issuer is at Via Guidubaldo Del Monte 61, Rome and its tax identification number (*codice fiscale*) is 08830931005.
Swiss SPV	Windermere (Pan-Europe) 2007-1 AG (the "**Swiss SPV**") is a stock corporation incorporated under the laws of Switzerland with its principal office in Zurich. The activities of the Swiss SPV include purchasing the Swiss Secured Loans from LBF and borrowing the Swiss Unsecured Loans from the Issuer and any ancillary activities related thereto.
Swiss SPV Shareholders	Matthias Jermann, Kaspar Hofmann and CFMB GmbH (together, the "**Swiss Shareholders"**) will each own a portion of the issued share capital of the Swiss SPV. Each of the Swiss Shareholders is experienced in acting as shareholder of similar entities and is not connected to any Originator or LBF.
Borrowers	The Borrowers for the Loans are as described in "*The Loans*".
Security Agents	With respect to the Loans (with the exception of the French Loan and the Italian Loan), Lehman Brothers International (Europe), a private company incorporated in England and Wales with unlimited liability, with company number 2538254 and having its registered office at 25 Bank Street, London E14 5LE, ("**LBIE**") acts as the agent, security trustee and security agent for the Finance Parties to the relevant Loans. With respect to the French Loan, Lehman Brothers Bankhaus AG, acting through its London branch, acts as the security agent for the Finance Parties to the French Loan. In such capacities, Lehman Brothers International (Europe) and Lehman Brothers Bankhaus AG, acting through its London branch shall each be referred to as a "**Security Agent**". Each Security Agent holds as agent, or as the case may be, administers, all the security granted by each relevant Borrower, each relevant Mortgagor (as defined in "*The Loans*") and each other relevant security provider in favour of the Finance Parties under each relevant Loan (save for the French Loan and the Italian Loan) and for the lenders under each Swiss Secured Loan. With respect to the French Loan, Lehman Brothers Bankhaus AG, acting through its London branch, has been appointed by the Tour Esplanade Finance Parties to act as their agent (*mandataire*) under and in connection

	with the security granted by the Tour Esplanade Borrower and each other relevant security provider under the Tour Esplanade Loan. On the Closing Date, the security granted in respect of the German Loans and the French Loan will be transferred to the Issuer and the security granted in respect of the Swiss Secured Loans will be transferred to the Swiss SPV; and on the Italian Issue Date, the security granted in respect of the Italian Loan will be transferred to the Italian Issuer. The Dutch law security granted in respect of the Dutch Loans will remain with the relevant Security Agent. The roles of the relevant Security Agents will largely be delegated to the relevant Master Servicer or relevant Special Servicer in accordance with the terms of the Servicing Agreements. "**Finance Parties**" means the parties so defined in the relevant Loan Agreement (including (as applicable) the relevant Security Agent, the arranger and the then lender(s)).
Note Trustee	ABN AMRO Trustees Limited is a private company incorporated in England and Wales with limited liability and will act as the trustee (the "**Note Trustee**") for the holders of the Notes pursuant to the terms of a trust deed to be dated on or about the Closing Date (the "**Trust Deed**") between the Note Trustee and the Issuer.
General Master Servicer	Hatfield Philips International Limited ("**Hatfield Philips**") is a private company formed under the laws of England and Wales with limited liability and will, pursuant to the terms of a servicing agreement (the "**Servicing Agreement**") to be dated on or about the Closing Date between, *inter alios*, the General Master Servicer, the General Special Servicer, the Issuer, the Swiss SPV, the Note Trustee and the Security Agents, act as the agent of the Issuer, the Swiss SPV and, as appropriate, the Security Agents, as servicer (in such capacity, the "**General Master Servicer**") in respect of the Loans and the Related Security (with the exception of the French Loan and the Italian Loan). Subject to compliance with legal and regulatory requirements, the obligations of the General Master Servicer may be delegated by the General Master Servicer to a delegate general master servicer (in such capacity, the "**Delegate General Master Servicer**").
General Special Servicer	Hatfield Philips will, pursuant to the terms of the Servicing Agreement, act as the initial special servicer (in such capacity, the "**General Special Servicer**") of any Loan (with the exception of the French Loan and the Italian Loan) if it is appointed to act in such capacity in the circumstances described in "*Servicing of the Loans – Role of the Master Servicer and Special Servicer*". The role of special servicer may in the future be transferred to another third party upon, *inter alia,* written notification to the Rating Agencies. Subject to compliance with legal and regulatory requirements, the obligations of the

	General Special Servicer may be delegated by the General Special Servicer to a delegate general Special servicer (in such capacity, the "**Delegate Special Master Servicer**").
French Master Servicer and French Special Servicer	ABN AMRO Bank N.V. (Paris Branch) will, pursuant to the terms of the Servicing Agreement, act as the servicer (in such capacity, the "**French Master Servicer**") and, if it is appointed to act in such capacity in the circumstances described in "*Servicing of the Loans – Role of the Master Servicer and Special Servicer*", the special servicer (in such capacity the "**French Special Servicer**") on behalf of the Issuer in respect of the French Loan and the Related Security. Subject to compliance with legal and regulatory requirements in France, the obligations of the French Master Servicer and/or the French Special Servicer in respect of the French Loan and Related Security may be delegated by the French Master Servicer and/or the French Special Servicer to a delegate master servicer and/or delegate special servicer (in such capacity, the "**Delegate French Master Servicer**" and the "**Delegate French Special Servicer**").
Italian Master Servicer and Italian Special Servicer	Zenith Service S.p.A. formed under the laws of Italy will accede to the terms of the Servicing Agreement on the Italian Issue Date and will, pursuant to the terms of the Servicing Agreement act as the servicer (in such capacity, the "**Italian Master Servicer**") and, if it is appointed to act in such capacity in the circumstances described in "*Servicing of the Loans – Role of the Master Servicer and Special Servicer*", special servicer (in such capacity, the "**Italian Special Servicer**") in respect of the Italian Loan and the Related Security upon the Italian Loan being purchased by the Italian Issuer. Subject to compliance with legal and regulatory requirements in Italy, the majority of the obligations of the Italian Master Servicer and/or the Italian Special Servicer in respect of the Italian Loan and Related Security may be delegated by the Italian Master Servicer and/or the Italian Special Servicer to a delegate master servicer and/or a delegate special servicer (in such capacity, the "**Delegate Italian Master Servicer**" and/or the "**Delegate Italian Special Servicer**"). For the purposes of this Prospectus, references to a "**Master Servicer**" or a "**Special Servicer**" shall mean: (i) with respect to the French Loan, the French Master Servicer and the French Special Servicer, respectively; (ii) with respect to the Italian Loan, the Italian Master Servicer and the Italian Special Servicer, respectively; and (iii) with respect to each other Loan, the General Master Servicer and the General Special Servicer, respectively (and references herein to "**Master Servicers**" shall mean, collectively, the General Master Servicer, the French Master Servicer and the Italian Master Servicer and references to "**Special Servicers**" shall mean, collectively, the General Special Servicer, the French Special Servicer and the Italian Special Servicer).

The Servicing Agreement, the French Delegation Agreement and the Italian Delegation Agreement are together referred to herein as the "**Servicing Agreements**".

Cash Manager

ABN AMRO Bank N.V. (London Branch) will be the cash manager to the Issuer, the Swiss SPV and, subject as provided below, the Italian Issuer (in such capacity, the "**Cash Manager**") pursuant to the terms of a cash management agreement to be dated on or about the Closing Date (the "**Cash Management Agreement**") between, *inter alios*, the Issuer, the Swiss SPV, the Note Trustee and the Cash Manager. The Italian Issuer and the Representative of the Italian Noteholders will accede to the terms of the Cash Management Agreement on the Italian Issue Date.

The Cash Manager will:

(i) on behalf of the Issuer, manage the Issuer Accounts, determine the amounts of and arrange payments to be made by the Issuer and keep certain records on the Issuer's behalf;

(ii) on behalf of the Swiss SPV, manage the Swiss SPV Accounts, determine the amounts of and arrange payments to be made by the Swiss SPV and keep certain records on the Swiss SPV's behalf; and

(iii) on behalf of the Italian Issuer, manage the Italian Issuer Transaction Account (and any other accounts to be opened by the Italian Issuer in connection with the issue of the Italian Notes), determine the amounts of and arrange payments to be made by the Italian Issuer and keep certain records on the Italian Issuer's behalf.

Issuer Account Bank

ABN AMRO Bank N.V. (London Branch) will be the account bank to the Issuer (in such capacity, the "**Issuer Account Bank**") pursuant to the terms of the Cash Management Agreement. Pursuant to the terms of the Cash Management Agreement, the Issuer Account Bank will provide certain banking services to the Issuer in relation to the accounts to be opened with the Issuer Account Bank in the name of the Issuer (the "**Issuer Accounts**"). The Issuer Account Bank is required to have a short-term rating of at least "A-1+" from S&P, "F1" from Fitch and "P-1" from Moody's.

Swiss SPV Account Bank

ABN AMRO Bank N.V. (London Branch) (in such capacity the "**Swiss SPV Account Bank**") will act as account bank to the Swiss SPV pursuant to the terms of the Cash Management Agreement. Pursuant to the terms of the Cash Management Agreement, the Swiss SPV Account Bank will provide certain banking services to the Swiss SPV in relation to the accounts to be opened with the Swiss SPV Account Bank in the name of the Swiss SPV (the "**Swiss SPV Accounts**"). The Swiss SPV

	Account Bank is required to have a short-term rating of at least "A-1+" from S&P, "F1" from Fitch and "P-1" from Moody's.
Italian Account Bank	ABN AMRO Bank N.V. (London Branch) (in such capacity the "**Italian Account Bank**" and, together with the Issuer Account Bank and the Swiss SPV Account Bank, the "**Account Banks** and each an "**Account Bank**) will act as account bank to the Italian Issuer pursuant to the terms of the Cash Management Agreement. Pursuant to the terms of the Cash Management Agreement, the Italian Account Bank will provide certain banking services to the Italian Issuer in relation to the accounts to be opened with the Italian Account Bank in the name of the Italian Issuer (the "**Italian Issuer Transaction Account**"). The Italian Account Bank is required to have a short-term rating of at least "A-1+" from S&P, "F1" from Fitch and "P-1" from Moody's.
Principal Paying Agent	ABN AMRO Bank N.V. (London Branch) will be the principal paying agent (in such capacity, the "**Principal Paying Agent**") pursuant to the terms of an agency agreement to be dated on or about the Closing Date (the "**Agency Agreement**") between, *inter alios*, the Issuer, the Note Trustee, the Agent Bank, the Registrar, the Transfer Agent, the Exchange Agent, the Principal Paying Agent and the Irish Paying Agent.
Irish Paying Agent	NCB Stockbrokers Limited, whose offices are at 3 Georges Dock, International Financial Services Centre, Dublin, Ireland, will be the Irish paying agent (in such capacity, the "**Irish Paying Agent**" and together with the Principal Paying Agent and any other person appointed as a paying agent in accordance with and pursuant to the terms of the Agency Agreement, the "**Paying Agents**"). Pursuant to the terms of the Agency Agreement, the Paying Agents will make payments on behalf of the Issuer of principal and interest on the Notes.
Agent Bank	ABN AMRO Bank N.V. (London Branch) will be the agent bank (in such capacity, the "**Agent Bank**") pursuant to the terms of the Agency Agreement. The Agent Bank will calculate the interest rates applicable to each class of Notes in accordance with the Conditions of the Notes.
Registrar	La Salle Bank National Association, a national banking association formed under the laws of the United States of America will be the registrar (in such capacity, the "**Registrar**") pursuant to the terms of the Agency Agreement.
London Transfer Agent	ABN AMRO Bank N.V. (London Branch) (in such capacity the "**London Transfer Agent**" or the "**Transfer Agent**") will be the initial transfer agent pursuant to the terms of the Agency Agreement.
Exchange Agent	ABN AMRO Bank N.V. (London Branch) will be the exchange agent (in such capacity, the "**Exchange**

	Agent") pursuant to the terms of the Agency Agreement. Holders of beneficial interests in the Rule 144A Global Certificate who hold such interests directly with DTC or through its participants and who wish payments to be made to them in euros outside DTC must give advance notice to DTC in accordance with the rules and procedures of DTC prior to each Payment Date. If such instructions are not given, euro payments on the Rule 144A Global Certificate will be exchanged for dollars by the Exchange Agent prior to receipt by the DTC and the affected holders will receive dollars on the related Payment Date.
Custodian	La Salle Bank National Association, a national banking association formed under the laws of the United States of America will be the custodian (in such capacity, the "**Custodian**") pursuant to the terms of the Agency Agreement.
Italian Paying Agent	ABN AMRO Bank N.V. (London Branch) will be the Italian paying agent (in such capacity, the "**Italian Paying Agent**" pursuant to the terms of an Italian agency agreement dated on or about the Italian Issue Date between, among others, the Italian Issuer and the Italian Paying Agent (the "**Italian Agency Agreement**"), the Italian Paying Agent will make payments on behalf of the Italian Issuer of principal and interest on the Italian Notes.
Interest Rate Swap Providers	Lehman Brothers Special Financing, Inc., a corporation incorporated under the laws of Delaware, in the United States, acting through its office at 745 Seventh Avenue, 28th Floor, New York, NY 10091 and LBIE will be the interest rate hedging providers (the "**Interest Rate Swap Providers**" and each an "**Interest Rate Swap Provider**") pursuant to the terms of certain interest rate and basis rate hedging agreements between the Issuer and the applicable Interest Rate Swap Provider.
Currency Swap Provider	Lehman Brothers Special Financing, Inc., a corporation incorporated under the laws of Delaware, in the United States, acting through its office at 745 Seventh Avenue, 28th Floor, New York, NY 10091 will be the currency hedging provider (the "**Currency Swap Provider**" and together with the Interest Rate Swap Providers, the "**Swap Providers**") pursuant to the terms of certain currency hedging agreements (the "**Currency Swap Transactions**" and together with the Interest Rate Swap Transactions, the "**Swap Transactions**") between the Issuer and the Currency Swap Provider. Each Currency Swap Transaction is subject to the terms of the applicable Swap Agreement.
Swap Guarantor	Lehman Brothers Holdings, Inc. acting through its office at 745 Seventh Avenue, 28th Floor, New York, NY 10091 will act as swap guarantor (the "**Swap Guarantor**") in respect of each Swap Agreement and will pursuant to the terms of a guarantee dated on or

about the Closing Date in favour of the Issuer in respect of each Swap Agreement (each a Swap Guarantee and together the "**Swap Guarantees**"), guarantee all of the relevant Swap Provider's obligations to the Issuer pursuant to the terms of the relevant Swap Agreement.

For further information about the Swap Guarantee see "*The Liquidity Facility and the Swap Agreements – The Swap Agreement*".

Liquidity Facility Provider and the Liquidity Facility

Lloyds TSB Bank plc, acting through its London office at 10 Gresham Street, London EC2V 7AE, will act as the liquidity facility provider (the "**Liquidity Facility Provider**") pursuant to the terms of a liquidity facility agreement to be dated on or about the Closing Date (the "**Liquidity Facility Agreement**") between the Liquidity Facility Provider, the Issuer and the Note Trustee.

Issuer Secured Creditors

Each of the Noteholders, the Note Trustee, any receiver appointed pursuant to the terms of the Issuer Deed of Charge, the Irish Corporate Services Provider, the General Master Servicer, the General Special Servicer, the French Servicer, the French Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Swiss SPV, the Interest Rate Swap Providers, the Currency Swap Provider, the Swap Guarantor, the Paying Agents, the Agent Bank, the Registrar, the Transfer Agent, the Issuer Account Bank, the Exchange Agent, LBF and Bankhaus London (such persons, collectively "**Issuer Secured Creditors**").

Irish Corporate Services Provider

Wilmington Trust SP Services (Dublin) Limited, a private company incorporated in Ireland with limited liability (registered number 318390) whose registered office is at First Floor, 7 Exchange Place, IFSC, Dublin 1, Ireland, will be the corporate services provider and will provide certain administrative services to the Issuer, pursuant to the terms of an Irish corporate services agreement to be dated on or about the Closing Date (the "**Irish Corporate Services Agreement**") between Wilmington Trust SP Services (Dublin) Limited (in such capacity the "**Irish Corporate Services Provider**"), the Note Trustee and the Issuer.

Italian Corporate Services Provider

Zenith Service S.p.A., a joint stock company incorporated in Italy whose registered office is at Corso Monforte 36, 20122 Milan, Italy, will be the corporate services provider and will provide certain administrative services to the Italian Issuer, pursuant to the terms of an Italian corporate services agreement to be dated on or about the Italian Issue Date (the "**Italian Corporate Services Agreement**") between, among others, Zenith Service S.p.A. (in such capacity the "**Italian Corporate Services Provider**") and the Italian Issuer. The Italian Corporate Services Provider will also act as depositary in respect of the Italian Notes (if requested by the relevant noteholders) and will hold the register in relation hereto.

Swiss Corporate Services Provider	Treureva AG, a stock corporation incorporated under the laws of Switzerland, will act as corporate services provider to the Swiss SPV (the "**Swiss Corporate Services Provider**") pursuant to a corporate services agreement to be entered into on the Closing Date between, among others, the Swiss SPV and the Swiss Corporate Services Provider.
Swiss SPV Creditors	The Swiss SPV Shareholders, the Swiss SPV Corporate Services Provider, the Swiss SPV Account Bank, the auditors and the director of Swiss SPV, the competent Swiss tax and social security authorities, the Issuer as lender under the Swiss SPV Intercompany Loan Agreement, the Issuer as lender under the Swiss Unsecured Loans, the General Master Servicer and the General Special Servicer (with respect to the Swiss Secured Loans) are together referred to in this Prospectus as the "**Swiss SPV Creditors**", the Swiss SPV Creditors are, at all times, unsecured creditors of the Swiss SPV.
Representative of the Italian Noteholders	ABN AMRO Trustees Limited is the representative of the holders of the Italian Notes pursuant to the Italian Notes Subscription Agreement (in such capacity, the "**Representative of the Italian Noteholders**"). The "**Italian Issuer Secured Creditors**" are the Representative of the Italian Noteholders, Bankhaus Milan, the Italian Account Bank, the Italian Paying Agent, the Italian Master Servicer, the Cash Manager, the Italian Special Servicer, the Italian Corporate Services Provider and the holders of the Italian Notes.
Italian Issuer Parent	The equity capital of the Italian Issuer is entirely held by Stichting Project 71, a Dutch foundation (*Stichting*) established under the laws of The Netherlands with its statutory seat in Amsterdam at Amsteldijk 166, Amsterdam-1079LH, The Netherlands (the **"Italian Issuer Parent").**
Controlling Class	The holders of the then Most Junior Class of Regular Notes outstanding with an aggregate Adjusted Notional Amount Outstanding of greater than 25 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes (as at the Issue Date) at any time will be, acting together and in accordance with the Conditions of the Notes, the controlling class (the "**Controlling Class** "). See in addition Condition 3(c). "**Most Junior Class of Regular Notes**" shall mean the Class F Notes, or, if no Class F Notes are outstanding, the Class E Notes, or, if no Class E Notes are outstanding, the Class D Notes, or, if no Class D Notes are outstanding, the Class C Notes, or, if no Class C Notes are outstanding, the Class B Notes. In accordance with Condition 3 (*Status, Security and Priority*), the Controlling Class will be entitled to appoint a "**Controlling Class Representative**" to represent their interests in respect of any Specially Serviced Mortgage

Loans.

Upon the appointment of a Controlling Class Representative by the Controlling Class, *inter alios*, the Issuer, the applicable Master Servicer, the then applicable Special Servicer, the Security Agents and the Note Trustee and, if applicable, the French Master Servicer, the French Special Servicer (and, if appointed, any Delegate Servicer and/or Delegate Special Servicer, as the case may be) will be required, pursuant to the terms of the relevant Servicing Agreements, to use all reasonable endeavours to enable the Controlling Class Representative to accede to the terms of the applicable Servicing Agreements. In the case of the Italian Loan, the Controlling Class will be permitted to instruct the Issuer (who will be contractually required to instruct the Representative of the Italian Noteholders) to act in accordance with the instructions of the Controlling Class Representative.

Upon the Controlling Class Representative becoming a party to the applicable Servicing Agreements, the Controlling Class Representative will be entitled to, either directly or indirectly, (on behalf of the Controlling Class), amongst other things:

(a) confirm the appointment of Hatfield Philips or, with respect to the French Loan, ABN AMRO Bank N.V. (Paris Branch) as the relevant Special Servicer or, with respect to the Italian Loan, Zenith Services S.p.A. (or, if appointed, confirm the appointment of any Delegate Special Servicer) or, at its discretion, appoint an alternative Special Servicer (and/or, as applicable, any Delegate Special Servicer), subject to the rights of the B Piece Lenders under the relevant intercreditor agreements;

(b) represent the interests of the Controlling Class (directly or indirectly) in respect to any Specially Serviced Loan;

(c) advise (in accordance with and pursuant to the terms of the applicable Servicing Agreements) the Special Servicer with regard to certain matters with respect to any Specially Serviced Loan;

(d) terminate the appointment of any Special Servicer (or, as applicable, Delegate Special Servicer) and appoint a successor Special Servicer (or, as applicable, Delegate Special Servicer).

See "*Servicing of the Loans – Rights and Powers of the Controlling Class Representative*".

5. Relevant Dates and Periods

Closing Date

The date of initial issuance for the Notes will be on or about 12 April 2007 (or such other date as the Issuer and

	the Lead Manager may agree) (the "**Closing Date**").
Cut-Off Date	15 January 2007 (the "**Cut-Off Date**").
Maturity Date	Unless previously redeemed in full, the Issuer will redeem the Notes in full (together with all accrued interest thereon) on the Payment Date falling in October 2019 (the "**Maturity Date**").
Payment Date	The fifth Business Day after each Reference Date (each a "**Payment Date**"), commencing on the Payment Date falling in July 2007. "**Reference Date**" means the 15th day of January, April, July and October in each year, *provided* that, if such date would otherwise fall on a day which is not a Business Day, the Reference Date shall be the next Business Day, unless such Business Day falls in the following month, in which case, the Reference Date shall be the immediately preceding Business Day.
Loan Payment Date	"**Loan Payment Date**" means: (a) for all the Loans except the Italian Loan, the 15th day of January, April, July and October in each year; and (b) for the Italian Loan, the 6th day of February, May, August and November in each year, or, if any such day is a non-Loan Business Day, the immediately preceding Loan Business Day (other than in relation to the E-Shelter Whole Loan, the Corvatsch Secured Whole Loan, the Falcon Crest Whole Loan, the Corviglia Secured Loan and the Lightning Dutch Loan, in which case if any such day is a non-Loan Business Day, the immediately following Loan Business Day).
Loan Business Day	"**Loan Business Day**" means: (a) in respect of the German Loans (other than the Thunderbird Loan and the Firebird Loan), a day (other than a Saturday or Sunday) on which banks are open for general business in London, Frankfurt am Main, Berlin and Luxembourg and which is a TARGET Business Day (as applicable); (b) in respect of the Thunderbird and Firebird Loans, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Frankfurt am Main; (c) in respect of the Dutch Loans, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Amsterdam and which is a TARGET Business Day;

(d) in respect of the Swiss Secured Loans, a day (other than a Saturday or a Sunday), in which banks are open for general business in London and Zurich;

(e) in respect of the Italian Loan, a day (other than a Saturday or Sunday) in which banks are open for general business in London, Milan and Luxembourg and which is a TARGET Business Day; and

(f) in respect of the French Loan, a day (other than a Saturday or Sunday) on which banks are generally open for business in London and Paris and which is a TARGET Business Day.

Business Day

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for business in London, Dublin and New York and which is a TARGET Business Day.

TARGET Business Day

"**TARGET Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlements Express System settles payments in euro.

Determination Date

The second Business Day prior to each Payment Date except in respect of the Payment Date which is the Maturity Date, when such date will be the Maturity Date (the "**Determination Date**").

On the Business Day prior to the Determination Date, the General Master Servicer (with the assistance of the Italian Master Servicer, the French Master Servicer and any Delegate Master Servicers) will be required to identify, among other things, the source and allocation of the amounts received in respect of the Loans. The Determination Date is the date on which the Cash Manager will be required to calculate, among other things, the amounts required to pay interest and principal in respect of the Notes.

Collection Period

The first Collection Period will commence on (and include) the Closing Date and end on (but exclude) the Determination Date falling in July 2007. Each successive Collection Period will commence on (and include) the next (or first) Determination Date and end on (but exclude) the following Determination Date (each a "**Collection Period**").

Loan Interest Period

In relation to each Loan other than the Italian Loan, the first "**Loan Interest Period**" will commence on (and include) the Closing Date and end on (but exclude) the first Loan Payment Date thereafter in respect of that Loan.

In relation to the Italian Loan, the first Loan Interest Period will commence on (and include) the Loan Payment Date falling immediately prior to the Italian Issue Date and end on (but exclude) the first Loan

	Payment Date thereafter in respect of the Italian Loan. Each successive Loan Interest Period will commence on (and include) the next Loan Payment Date and end on (but exclude) the following Loan Payment Date.
Interest Period	Interest on the Notes is payable by reference to successive interest periods (each an "**Interest Period**"). The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Payment Date falling in July 2007. Each successive Interest Period will commence on (and include) the next (or first) Payment Date and end on (but exclude) the following Payment Date.
Interest Rate Determination Date	The rate of interest applicable to each Regular Note for each Interest Period will be calculated and set on, in respect of the first Interest Period, two Business Days before the Closing Date and, in respect of all subsequent Interest Periods, the day which is two TARGET Business Days before the first day of each such Interest Period (each an "**Interest Rate Determination Date**").

6. Hedging Arrangements and the Liquidity Facility

Swap Agreements	On or before the Closing Date, the Issuer will enter into one or more swap agreements with the Swap Providers in the form of an ISDA ("**ISDA**") 1992 Master Agreement (Multicurrency – Cross Border) and schedule thereto with the relevant Swap Provider. See "*The Liquidity Facility and the Swap Agreements - The Swap Agreements*".
Interest Rate Swap Transactions	Eighteen interest rate swap transactions (the "**Loan Rate Swap Transactions**") and four interest rate cap transactions (the "**Interest Rate Cap Transactions**" and together with the Loan Rate Swap Transactions and the Interest Rate Cap Transactions, the "**Interest Rate Swap Transactions**") will be governed by the terms of the relevant Swap Agreements. The Interest Rate Swap Transactions will be novated to the Issuer by the relevant Originator. See "*The Liquidity Facility and the Swap Agreements - The Interest Rate Swap Transactions"* and "*The Liquidity Facility and the Swap Agreements - The Interest Rate Cap Transactions"*.
Date Adjustment Swap Transactions	Four basis swap transactions (the "**Date Adjustment Swap Transactions**") will be entered into on or around the Closing Date between the Issuer and the relevant Swap Provider in relation to the Firebird Whole Loan, the Thunderbird Whole Loan and the Falcon Crest Whole Loan. The Date Adjustment Swap Transactions will be governed by the terms of the Issuer Swap Agreement. See "*The Liquidity Facility and the Swap Agreements - The Swap Agreements - The Date Adjustment Swap Transactions*".

Currency Swap Transactions

Pursuant to the terms of the cross currency and interest swap transaction in respect of each of the Swiss Unsecured Loans (each a "**Currency Swap Transaction**" and together the "**Currency Swap Transactions**"), the Issuer will swap:

(i) on the Closing Date, €124,397,692 from the subscription proceeds it receives in respect of the Regular Notes to CHF 202,208,448, in order to enable it to advance the three Swiss Unsecured Loans; and

(ii) on each Payment Date, an amount equal to anticipated principal and interest payments that the Swiss SPV will have received from the Swiss Secured Loans during the immediately preceding Loan Interest Period (or in respect of the first Payment Date the appropriate *pro rata* amount) (such amount being denominated in Swiss Francs and based on the London interbank offered rate for the relevant interest period for Swiss deposits ("**Swiss LIBOR**")) for amounts denominated in Euro and based on EURIBOR *less* CHF 45,000 (such amount representing the amount which the Issuer reasonably believes will be the costs and expenses that the Swiss SPV will be required to deduct from the Swiss Secured Loan payments received on such Loan Payment Date so as to meet its ongoing costs and expenses) (the "**Swiss SPV Expenses Amount**").

See "*The Liquidity Facility and the Swap Agreements*".

Pursuant to the terms of the Swap Agreements, each Swap Provider has agreed that if:

(i) the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A-1+" by S&P (in the case of the Currency Swap Transactions) or "A-1" by S&P (in the case of the Interest Rate Swap Transactions and the Date Adjustment Swap Transaction) or "F1" by Fitch; or

(ii) if the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "P-1" by Moody's and if the rating of the long-term unsecured, unsubordinated debt obligations of the Swap Guarantor also falls below "A2" by Moody's at any time,

the relevant Swap Provider will, subject to the provisions of the relevant Swap Agreement:

(a) enter into a collateral agreement in the form of an ISDA credit support document (being a "**Credit Support Document**"), provided that, if the short-

term, unsecured, unsubordinated debt obligations if the Swap Guarantor fall below "F2" by Fitch, such collateral will have to be independently verified by a third party; or

(b) provide a third party guarantee meeting certain required rating thresholds of the relevant Rating Agency or Rating Agencies, as the case may be in respect of the relevant transactions; or

(c) transfer the relevant Swap Provider's rights and obligations in respect of the relevant transactions under the relevant Swap Agreement to a replacement third party meeting certain required rating thresholds of the relevant Rating Agency or Rating Agencies, as the case may be; or

(d) provided that the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor are still rated at least "P-1" by Moody's or its long-term unsecured, unsubordinated debt obligations are still rated at least "A2" by Moody's, take such other action in respect of the relevant transactions as the relevant Swap Provider may agree with Fitch or, as applicable, S&P as will result in any Note then outstanding, following the taking of such other action, not being rated lower than the rating of such Note immediately prior to the downgrade of that Swap Provider.

In the event that: (a) the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A3" by S&P or "F3" by Fitch; or (b) the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "P-2" by Moody's or the long term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A3" by Moody's, at any time, then, in addition to the requirements set out at (a) and (b) above, the Swap Guarantor will be required by the relevant Swap Agreement to post increased collateral on a daily basis.

For a more detailed description of the Interest Rate Swap Transactions, the Date Adjustment Swap Transactions or the Currency Swap Transactions, see "*The Liquidity Facility and the Swap Agreements*".

Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement the Liquidity Facility Provider will make a committed 364 day revolving facility of up to an initial maximum principal amount of €97,331,000 available to the Issuer from the Closing Date (the "**Liquidity Facility**").

The Issuer will make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the amounts available to the Issuer to, among other items:

(a) make payments of amounts due and payable to the Swap Providers pursuant to the terms of the Swap Agreements, and which rank senior to or *pari passu* with the payment of interest on the Notes;

(b) make payments of interest due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and/or the Class X Note for such Payment Date;

(c) make payments of amounts due and payable as Issuer Senior Administrative Costs (as defined below);

(d) finance the payment of any Loan Protection Advances;

(e) advance any then required Swiss SPV Intercompany Loan to the Swiss SPV as required in accordance with and pursuant to the terms of the Swiss Intercompany Loan Agreement (such amounts to be utilised by the Swiss SPV to meet its ongoing costs and expenses);

(f) pay to the Italian Issuer any Italian Issuer Fee then due and payable in accordance with and pursuant to the terms of the terms and conditions of the Italian Notes and the Italian Subscription Agreement (such amounts to be utilised by the Italian Issuer to meet its ongoing costs and expenses incurred in connection with the issue of the Italian Notes).

The availability of the Liquidity Facility is subject to the satisfaction of certain conditions and the non-occurrence of certain events of default.

"**Issuer Senior Administrative Costs**" will be the sum of all fees, costs and expenses or other remuneration and indemnity payments, inclusive of VAT if applicable, as calculated by the Cash Manager and payable by the Issuer on each relevant Payment Date in accordance with items (i) to (v) of the Issuer Revenue Pre-Enforcement Priority of Payments.

The maximum principal amount available under the Liquidity Facility on each Payment Date will be an amount equal to 6.5 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes.

Upon the Aggregate Adjusted Notional Amount Outstanding of the Notes decreasing below €1,100,000,000 but not below €500,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €71,500,000 (the "**Initial Threshold Amount**") provided that on each Payment Date on which the Initial Threshold Amount is equal to or greater than 9 per cent. of the aggregate Notional Amount

Outstanding of the Notes, the maximum principal amount available under the Liquidity Facility will be equal to 9 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes.

Upon the Aggregate Adjusted Notional Amount Outstanding of the Notes decreasing below €500,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €45,000,000 (the "**Secondary Threshold Amount**") provided that on each Payment Date on which the Secondary Threshold Amount is equal to or greater than 11 per cent. of the aggregate Notional Amount Outstanding of the Notes, the maximum principal amount available under the Liquidity Facility will be equal to the greater of (i) 11 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes and (ii) €15,000,000.

In addition, if any Loan is the subject of an Appraisal Reduction, the maximum principal amount available under the Liquidity Facility will decrease by an amount, expressed as a percentage, equal to the relevant Appraisal Reduction divided by the aggregate appraised value of all Properties immediately prior to such Appraisal Reduction.

Amounts drawn by the Issuer pursuant to the terms of the Liquidity Facility Agreement will be repayable to the Liquidity Facility Provider (together with, *inter alia*, any interest thereon) on the next subsequent Payment Date in accordance with the relevant Issuer Priority of Payments. However, if there is any amount outstanding under the Liquidity Facility at any time during an Interest Period (other than for the avoidance of doubt any amount which constitutes a Subordinated Liquidity Amount), then the Issuer will, once it has received during such Interest Period receipts which would on the immediately following Payment Date constitute Available Interest Collections in an amount equal to the then Anticipated Issuer Senior Administrative Costs Amount for such Interest Period and after application of any Revenue Priority Amounts and Principal Priority Amounts (together, the "**Priority Amounts**") then due and payable, be required to apply any further amounts which it receives during such Interest Period and which would also on the immediately following Payment Date constitute Available Interest Collections in repaying (at the time such amount is credited to the relevant Issuer Transaction Account (or as shortly thereafter as is possible)) any amounts then outstanding on the Liquidity Facility, including any applicable break costs arising as a result of such payment (other than for the avoidance of doubt any amount which constitutes a Subordinated Liquidity Amount) (such payments to the Liquidity Facility Provider being "**Liquidity Facility Advance Payments**"). The "**Anticipated Issuer Senior Administrative Costs Amount**" for any Interest Period is: (a) €150,000; or (b) such other higher (but never lower) amount that the Cash Manager may consider from

time to time as representing an amount in aggregate equal to the amounts to be falling due and payable on the immediately following Payment Date under items (i) to (iv) of the Issuer Revenue Pre-Enforcement Priority of Payments (excluding for these purposes any amount payable to the Liquidity Facility Provider under item (iv) of the Issuer Revenue Pre-Enforcement Priority of Payments).

For a more detailed description of the Liquidity Facility, see "*The Liquidity Facility and the Swap Agreements – The Liquidity Facility Agreement*".

7. The Loans

The Mortgage Portfolio

The loan portfolio will consist of fifteen Loans, each of which was originated by Bankhaus London, Bankhaus Milan or LCPI as an Originator and is an obligation of the relevant Borrower or, as applicable, Borrowers. The Properties are all located in the Federal Republic of Germany, The Netherlands, Switzerland, Italy or France.

Security on each Loan

The description of the loans contained in this section (as elsewhere in this Prospectus) assumes that the Issuer purchases the Italian Notes as described herein.

Each Loan will be secured as follows:

(a) each German Loan will be secured, *inter alia*, by predominantly first ranking land charges (*Grundschuld*) over the related German Properties (as further described in "*The Loans*");

(b) each Dutch Loan will be secured by, among other things, first ranking mortgages on the Dutch Properties, pledges over certain rights, receivables and bank accounts in relation to the Dutch Properties, a security assignment of insurance policies (governed by English Law) in relation to the Dutch Properties and pledge agreements over the shares of each of the Dutch Borrowers;

(c) each Swiss Secured Loan will be secured by a pledge or assignment for security purposes of first ranking (except for the Bern Properties (B013a and B013b) under the Corviglia Secured Loan) mortgage notes encumbering the Swiss Mortgaged Properties;

(d) the Italian Loan will be secured by, *inter alia*, first ranking mortgages (*ipotecari fondiari*) over the related Italian Properties; and

(e) the French Loan will be secured by, among other things, a first ranking mortgage (*hypothèque*) and a second ranking mortgage (*hypothèque*) over the Tour Esplanade Property; delegations (*délégation*) of insurance proceeds pursuant to article L.121-13 of the French *Code des assurances* (Insurance

Code); a pledge over the bank account (*nantissement de compte*) of the Tour Esplanade Borrower; a pledge over the shares of the Tour Esplanade Borrower (*nantissement de compte d'instruments financiers*); and assignments of receivables by way of security,

together, the "**Related Security**".

General Characteristics of the Loans as at the Cut-Off Date

Loan	Cut-Off Securitised Balance (€) [1]	Loan Maturity Date [2]	Cut-Off Date Interest Cover Ratio	Cut-Off Date Loan to Value Ratio [3][4]	Loan Maturity Date Loan to Value Ratio [3][4][5]
Bridge	342,090,000	15 January 2014	1.79x	69.3%	69.3%
Tour Esplanade	260,200,000	15 October 2016	1.51x	67.5%	67.5%
Thunderbird	137,409,436	15 October 2009	1.47x	78.1%	76.0%
Fortezza	131,555,314	12 January 2014	1.62x	69.4%	69.4%
Falcon Crest	128,163,295	15 July 2013	1.52x	74.0%	63.2%
E-Shelter	122,725,000	15 January 2012	2.05x	64.1%	59.3%
Tresforte	74,940,224	15 January 2012	1.58x	84.1%	78.2%
Lightning Dutch	66,300,000	15 October 2011	2.22x	75.0%	75.0%
Corvatsch	63,629,652	15 October 2011	2.00x	85.7%	80.8%
Woolworth Boenen	48,908,462	15 July 2013	2.18x	70.2%	63.2%
Corviglia	48,486,280	15 April 2011	1.76x	83.6%	78.4%
Firebird	28,232,381	15 October 2008	1.66x	83.3%	81.1%
Grazer Damm 2	23,385,000	15 January 2012	1.61x	55.3%	51.1%
Cinedome	12,281,759	15 April 2012	1.68x	64.8%	58.1%
Built	9,100,000	15 July 2011	1.60x	85.6%	74.2%
Total	**1,497,406,803**		**1.72x**	**72.1%**	**69.6%**

[1] Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.

[2] The following Loans may, at the option of the relevant Borrowers and upon satisfaction of certain conditions, be extended:
Thunderbird Loan for a period of 1 or 2 years to 15 October 2011,
Corvatsch Loan for a period of 2 years to 15 October 2013,
Lightning Dutch Loan for a period of 1 or 2 years to 15 October 2013,
Corviglia Loan for a period of 1 year to 15 April 2012,
Firebird Loan for a period of 1 or 2 years to 15 October 2010.

[3] Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".

[4] Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

[5] Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

For more information on the Loans, see "*The Loans*".

Master Loan Sale Agreement

On or about the Closing Date, Bankhaus London, LCPI, LBF and the Note Trustee (among others) will enter into a loan sale agreement predominantly governed by English law, (the "**Master Loan Sale Agreement**"), pursuant to which:

(a) LBF will acquire the Bridge Whole Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan and the Tresforte Loan

from LCPI on the Closing Date;

(b) the Issuer will in turn acquire the Bridge Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan and the Tresforte Loan from LBF in consideration for the payment of €631,549,177 (the "**LBF Initial Purchase Price**") by the Issuer to LBF on the Closing Date;

(c) the Issuer will acquire the Tour Esplanade Loan, the Woolworth Boenen Loan, the E-Shelter Loan, the Grazer Damm 2 Loan, the Falcon Crest Loan and the Built Loan from Bankhaus London in consideration for the payment of €574,281,756 (the "**Bankhaus London Initial Purchase Price**") by the Issuer to Bankhaus London on the Closing Date. In particular, the transfer of the Tour Esplanade Loan contemplated by the Master Loan Sale Agreement will be effected in France on the Closing Date by an assignment of the receivables arising under the Tour Esplanade Loan from Bankhaus London to the Issuer in accordance with article 1690 of the French *Code civil* (the "**French Civil Code**"), and such assignment will be notified (*signifié*) to the Tour Esplanade Borrower. An assignment of rights made pursuant to article 1690 of the French Civil Code gives rise to automatic transfer to the assignee of the accessory rights attaching to the loan, including all relevant mortgages; and

(d) on each Payment Date, the Issuer will pay deferred consideration:

(i) to LBF, in an amount equal to any Prepayment Fees and/or Extension Fees received in respect of the Bridge Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan and the Tresforte Loan;

(ii) to Bankhaus London, in an amount equal to any Prepayment Fees and/or Extension Fees received in respect of the Tour Esplanade Loan, the Woolworth Boenen Loan, the E-Shelter Loan, the Grazer Damm 2 Loan and the Built Loan,

and, in addition, pursuant to the terms of the Master Loan Sale Agreement and the Subscription Agreement, the Issuer will deliver the Class X Note to or to the order of LBF and Bankhaus London, together the "**Deferred Consideration**".

Following the assignment of the Loans described above to the Issuer (other than the French Loan), the original loan and security documents will be held by or on behalf of the relevant Security Agent for the benefit of the

Issuer. All underwriting and arrangement fees in connection with such Loans have been retained by LCPI or, as applicable, Bankhaus London pursuant to the terms of the Master Loan Sale Agreement.

With respect to the French Loan, following the assignment of such Loan to the Issuer as described above, the Security Agent will act as agent (*mandataire*) for the Tour Esplanade Finance Parties pursuant to and in connection with the Tour Esplanade Loan and related security documents.

Original Swiss Loan Sale Agreement

On or about the Closing Date, LCPI and LBF will enter into a loan sale agreement (the "**Original Swiss Loan Sale Agreement**") and a Swiss law governed transfer and assignment agreement, pursuant to which LCPI will sell to LBF its benefit, right and interest in and to the Swiss Secured Loans and their Related Security.

Swiss Loan Sale Agreement

On or about the Closing Date, LCPI and LBF, amongst others, will enter into a Swiss law governed loan sale agreement (the "**Original Swiss Loan Sale Agreement**") and a Swiss law governed transfer and assignment agreement (the "**Original Swiss Security Transfer and Assignment Agreement**"), pursuant to which LCPI will sell to LBF its benefit, right and interest in and to the Swiss Secured Loans and the Related Security. Furthermore, on or about the Closing Date, LBF will in turn transfer to the Swiss SPV its right, title, interest and benefit in and to the Swiss Secured Loans and the Related Security pursuant to a further Swiss loan sale agreement (the "**Swiss Loan Sale Agreement**") and a Swiss law governed transfer and assignment agreement (the "**Swiss Security Transfer and Assignment Agreement**") and in consideration for the payment by the Swiss SPV to LBF of:

(a) on the Closing Date, CHF 197,208,448 (the "**Swiss Initial Purchase Price**"); and

(b) on each Payment Date, deferred consideration in an amount equal to:

(i) any Prepayment Fees received in respect of the Swiss Secured Loans; and

(ii) any Extension Fees received in respect of the Swiss Secured Loans,

together, the "**Swiss Deferred Consideration**".

LCPI's interest and subsequently LBF's interest in the Swiss Mortgage Notes will also be transferred to the Swiss SPV pursuant to the terms of the Original Swiss Security Transfer and Assignment Agreement.

All underwriting and arrangement fees have been retained by LCPI pursuant to the terms of the Original Swiss Loan

Sale Agreement.

Italian Receivables Purchase Agreement

On or about the Italian Issue Date, the Italian Issuer and Bankhaus Milan will enter into an Italian law receivables purchase agreement (the "**Italian Receivables Purchase Agreement**") pursuant to which Bankhaus Milan will sell and the Italian Issuer will purchase the Fortezza Loan Portfolio from Bankhaus Milan together with the security granted in respect of the Fortezza Loan Portfolio in consideration for the payment by the Italian Issuer to Bankhaus Milan of:

(a) on the Italian Issue Date, €131,555,314 (the "**Italian Initial Purchase Price**"); and

(b) on each Payment Date, deferred consideration, which consideration includes any Prepayment Fees received in respect of the Fortezza Loan Portfolio (the "**Italian Deferred Consideration**").

Finance Parties under the Loans

Following the sale of each Loan to the Issuer, the Swiss SPV or the Italian Issuer (as applicable), each of the Issuer, the Swiss SPV and the Italian Issuer respectively will become a lender and, as such, a Finance Party in respect of each relevant Loan.

The Master Loan Sale Agreement, the Italian Receivables Purchase Agreement (if entered into), the Original Swiss Loan Sale Agreement and the Swiss Loan Sale Agreement are together the "**Loan Sale Agreements**" and each a "**Loan Sale Agreement**".

See "*The Loans – The Loan Sale Agreements*".

Capex Advances

On or after the Closing Date, the advance of any Capex Advances by: (i) LCPI, in relation to each Firebird Capex Advance, Thunderbird Capex Advance and Corvatsch Secured Capex Advance; and (ii) Bankhaus London, in relation to each E-Shelter Capex Advance and each Tour Esplanade Capex Advance is conditional upon:

(a) in the case of each Firebird Capex Advance and the Thunderbird Capex Advance, the Firebird Capex Advance Conditions being met and the Thunderbird Capex Advance Conditions being met in relation to the relevant Capex Facility;

(b) in the case of each Corvatsch Capex Advance, *inter alia*, the relevant Corvatsch Borrowers requesting drawing(s) under the Capex Facility up to, in aggregate, the Corvatsch Capex Advance;

(c) in the case of each E-Shelter Capex Advance, *inter alia*, the E-Shelter Borrower requesting drawing(s) under the relevant Capex Facility up to, in aggregate, the E-Shelter Capex Advance;

(d) in the case of each Tour Esplanade Capex Advance, *inter alia*, the Tour Esplanade Borrower

requesting drawing(s) under the relevant Capex Facility up to, in aggregate, the Tour Esplanade Capex Advance; and

(e) in the case of any Firebird Capex Advance, Thunderbird Capex Advance, Corvatsch Unsecured Capex Advance or E-Shelter Capex Advance, the relevant Capex Test being met.

So as to enable the Issuer to have sufficient funds to finance (directly or, as applicable, indirectly) the purchase, in accordance with the terms of the relevant Loan Sale Agreements, of any such Capex Advance after it has been made by the relevant Originator, the Issuer will on the Closing Date and out of the subscription proceeds received from the issue of the Regular Notes and the premium on the Class X Note:

(a) deposit an amount equal to €4,039,850 in the Firebird Capex Reserve Account;

(b) deposit an amount equal to €13,383,014 in the Thunderbird Capex Reserve Account;

(c) deposit an amount equal to (after due conversion from Euros to Swiss Francs in accordance with the terms of the relevant Currency Swap Transaction), CHF 5,000,000 in the Corvatsch Capex Reserve Account;

(d) deposit an amount equal to €15,000,000 in the E-Shelter Capex Reserve Account;

(e) deposit an amount equal to €3,200,000 in the Tour Esplanade Capex Reserve Account,

which will thereafter be invested in Eligible Investments by the Cash Manager.

However, if the amounts standing to such accounts have not be fully utilised by the relevant Special Principal Payment Date in financing the direct or, as applicable, indirect purchase of the applicable Capex Advance by the Issuer then:

(a) on the Firebird Special Principal Payment Date, the Issuer will utilise any Firebird Distributable Capex Advance Amount;

(b) on the Thunderbird Special Principal Payment Date, the Issuer will utilise any Thunderbird Distributable Capex Advance Amount;

(c) on the Corvatsch Special Principal Payment Date, the Issuer will utilise any Corvatsch Distributable Capex Advance Amount (after due conversion from Swiss Francs to Euros pursuant to the terms of the relevant Currency Swap Transaction);

(d) on the E-Shelter Special Principal Payment Date, the Issuer will utilise any E-Shelter Distributable Capex Advance Amount; and

(e) on the Tour Esplanade Special Principal Payment Date, the Issuer will utilise any Tour Esplanade Remaining Capex Advance Amount,

as Available Pro Rata Principal amounts and will apply such amounts in accordance with the applicable Issuer Priority of Payments on the relevant Special Principal Payment Date to redeem (on a *pro rata* basis) the Notes in accordance with Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*).

In addition, if prior to the relevant Special Principal Payment Date any capex facility under the applicable Loan is cancelled, the amount then standing to the credit of the relevant Capex Reserve Account will on the immediately following Payment Date following such cancellation also be deemed to be Available Pro Rata Principal amounts and will thus also be applied in accordance with the applicable Issuer Priority of Payments on such Payment Date to redeem (on a *pro rata* basis) the Notes in accordance with Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*).

Representations and Warranties

The Loan Sale Agreements contain certain representations and warranties given by:

(a) LCPI as the Originator in relation to the LCPI Loans,

(b) LBF as the seller of the LCPI/LBF Loans to the Issuer or, as applicable, the Swiss SPV;

(c) Bankhaus London as the Originator in relation to the Bankhaus Originated Loans; and

(d) Bankhaus Milan as the Originator in relation to the Fortezza Loan Portfolio.

These representations and warranties are described under "*The Loans – The Loan Sale Agreements – Representations and Warranties of the Originators; Cures and Repurchases*".

Each Originator or, as applicable, LBF will be required to repurchase any Loan which it has sold pursuant to the relevant Loan Sale Agreement in respect of which there has been a breach of a representation or warranty that materially and adversely affects the interests of any class of Noteholders or, in the case of the Italian Loan, the

Italian Noteholders, if such breach has not been remedied in all material respects within, as applicable, the time specified in the relevant Loan Sale Agreement.

Transfer of Security

By operation of law, in respect of each German Loan, the German accessory security rights (*akzessorische Sicherheiten*) held by the relevant Security Agent for the benefit of the relevant Originator will pass to the Issuer. Additionally, the relevant Security Agent will act as agent to hold on behalf of the Finance Parties (including the Issuer) all German non-accessory security rights (*nicht akzessorische Sicherheiten*) as trustee (*Treuhänder*), including the Mortgages and to administer all German accessory security rights (*akzessorische Sicherheiten*) under each German Loan on behalf of itself and the other Finance Parties (*including the Issuer*).

In respect of each of the Dutch Loans, the relevant Security Agent will remain the creditor of the obligations under the parallel debt owed to it by the relevant Obligors pursuant to such Loan Agreement and the Related Security constituting the security for the obligations under such parallel debt will therefore remain with the relevant Security Agent.

In respect of the French Loan, the Issuer will hold the legal title to the French Mortgages and Related Security and the relevant Security Agent will act as agent (*mandataire*) for the Tour Esplanade Finance Parties in relation to the French Mortgage and Related Security.

In respect of each Swiss Secured Loan, security will be transferred to the Swiss SPV by operation of law and by entering into a Swiss law governed Original Swiss Security Transfer Agreement between, *inter alios*, the Originator of the Swiss Secured Loans and LBF and by entering into a Swiss law governed Swiss Security Transfer Agreement between, *inter alios*, LBF and the Swiss SPV and the Security Agent.

In respect of the Italian Loan, please see "*Security for the Italian Notes*" below.

8. **The Swiss Unsecured Loans**

The Swiss Unsecured Loans

On the Closing Date, the Issuer will advance the following loans to the Swiss SPV:

(a) a Swiss Franc denominated unsecured loan representing an economic interest in the Corvatsch Secured Loan (the "**Corvatsch Unsecured Loan**");

(b) a Swiss Franc denominated unsecured loan representing an economic interest in the Corviglia Secured Loan (the "**Corviglia Unsecured Loan**")

and

(c) a Swiss Franc denominated unsecured loan representing an economic interest in the Cinedome Secured Loan (the "**Cinedome Unsecured Loan**").

The Corvatsch Unsecured Loan, the Corviglia Unsecured Loan and the Cinedome Unsecured Loan are collectively referred to herein as the "**Swiss Unsecured Loans**" and each a "**Swiss Unsecured Loan**".

The terms of each Swiss Unsecured Loan will be documented in a loan agreement (each, a "**Swiss Unsecured Loan Agreement**") entered into on or about the closing date between, *inter alios*, the Swiss SPV and the Issuer. The Issuer will fund its advance of each Swiss Unsecured Loan on the Closing Date out of a portion of the issue proceeds of the Notes, after swapping such amount into Swiss Francs under the relevant Currency Swap Transaction.

On the Closing Date, the Swiss SPV will use an amount equal to the amount advanced to it by the Issuer under the Swiss Unsecured Loans to acquire from LBF its right, title, benefit and interest in three commercial loans secured on Swiss real estate (respectively, the "**Corvatsch Secured Loan**", the "**Corviglia Secured Loan**" and the "**Cinedome Secured Loan**", together the "**Swiss Secured Loans**"), together with the related interests in certain Swiss Collateral Security. Payments received by the Swiss SPV with respect to the Corvatsch Secured Loan, the Corviglia Secured Loan and the Cinedome Secured Loan, will be utilised by the Swiss SPV to meet its own costs and expenses and to fund its payment obligations to the Issuer under the corresponding Swiss Unsecured Loans, as described in the section entitled "*Swiss Unsecured Loans*".

9. The Italian Notes

The Italian Notes

On the Italian Issue Date (to the extent that it is a date falling prior to the Loan Payment Date falling in August 2007), the Italian Issuer will issue €131,555,314 Italian notes to the Issuer (the "**Italian Notes**"). The Italian Notes will be represented by physical registered certificates (*certificati nominativi*) and will be denominated in Euro and governed by Italian law.

Whilst it is sole holder of the Italian Notes, the Issuer will have the right to receive all amounts of interest and principal paid or payable by the Italian Issuer in respect of the Italian Notes. The registrar in relation to the Italian Notes will be the Italian Corporate Services Provider. An amount equal to the aggregate proceeds of the issuance of the Italian Notes will be paid by the Italian Issuer to Bankhaus Milan as the Italian Initial Purchase Price to purchase the Italian Receivables pursuant to the terms of

	the Italian Receivables Purchase Agreement.
Interest payable on the Italian Notes on the Payment Date	Interest on the Italian Notes will accrue quarterly on each Payment Date. The first interest period will commence on (and include) the Italian Issue Date and end on (but exclude) the immediately following Payment Date. Interest on the Italian Notes will be payable on each Payment Date on an available funds basis in an amount equal to in aggregate: (a) all amounts of interest received under the Italian Loan; (b) interest received in respect of amounts standing to the credit of the Italian Transaction Account; and (c) the interest element of any Eligible Investments made on behalf of the Italian Issuer; less (d) the amount of €40,000 per annum.
Italian Notes Maturity Date	The maturity date of the Italian Notes will be the Payment Date falling in January 2014 (the "**Italian Notes Maturity Date**").
Expenses	In partial consideration for the Italian Notes, the holder thereof (including the Issuer) will pay the Italian Issuer certain fees, the "**Italian Issuer Fees**", which will be, in aggregate, an amount equal to the costs and ongoing expenses due and payable by the Italian Issuer in connection with the Italian Notes on a Payment Date. For so long as the Issuer is the holder of the Italian Notes, if such Italian Issuer Fees, in accordance with the then applicable Italian Issuer Priority of Payments are financed by way of Available Interest Collections, such fees are referred to herein as "**Italian Issuer RC Fees**" and if such Italian Issuer Fees are financed by way of Available Principal Collections, then such fees are referred to herein as "**Italian Issuer PC Fees**".
Source of Funds	The payment of interest on the Italian Loan, the repayment of principal on the Italian Loan and the payment of costs, fees (other than Prepayment Fees and Extension Fees, if any), and other amounts in respect of the Italian Loan, together with interest earned on amounts standing to the credit of the Italian Transaction Account and income received on Eligible Investments made by or on behalf of the Italian Issuer will provide the only source of funds for the Italian Issuer to make payments of interest and repayments of principal on the Italian Notes. In addition the Italian Issuer will utilise, *inter alia*, the Italian Issuer Fee received on each Payment Date to meet its other permitted costs and expenses.
Security for the Italian Notes	By virtue of the operation of the Italian Securitisation Law, the Italian Issuer's right, title and interest in and to the Italian Receivables and to any sums collected therefrom will be segregated from all other assets of the

Italian Issuer and any cashflow deriving therefrom (to the extent identifiable) will be available, both prior to and following a winding up of the Italian Issuer, to satisfy the obligations of the Italian Issuer to the Italian Issuer Secured Creditors and any other creditors of the Italian Issuer in respect of costs, fees and expenses in relation to the Italian Securitisation, in each case in priority to the Italian Issuer's obligations to any other creditors of the Italian Issuer.

After publication in the official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) of a notice of the sale of the Italian Receivables to the Italian Issuer and registration of the notice in the competent companies' register by the Italian Originator, such Italian Receivables and any sums collected thereunder may not be seized or attached in any form by creditors of the Italian Issuer other than by the Italian Noteholders, until full discharge by the Italian Issuer of its payment obligations under the Italian Notes (or cancellation thereof), to the other Italian Issuer Secured Creditors and to any other creditors of the Italian Issuer in respect of costs in relation to the Italian Securitisation.

In addition, on or about the Italian Issue Date, the Italian Issuer will execute:

(a) a deed of pledge (the "**Italian Issuer Deed of Pledge**"), governed by Italian law, pursuant to which the Italian Issuer will create in favour of the Representative of the Italian Noteholders for itself and in the name and on behalf of the other Italian Issuer Secured Creditors concurrently with the issue of the Italian Notes, a pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Italian Issuer is entitled from time to time pursuant to the Italian Receivables Purchase Agreement, the Italian Agency Agreement, the Italian Intercreditor Agreement, the Italian Corporate Services Agreement and the Italian Mandate Agreement (which, together with the Italian Issuer Pledge and the Italian Issuer Deed of Charge, the "**Italian Transaction Documents**"); and

(b) a deed of charge (the "**Italian Issuer Deed of Charge**"), governed by English law pursuant to which the Italian Issuer will grant in favour of the Representative of the Italian Noteholders for itself and as trustee for the other Italian Issuer Secured Creditors, among other things:

(i) an English law assignment by way of first fixed security of all of the Italian Issuer's rights under the Servicing Agreement and the Cash Management Agreement and all other contracts,

agreements, deeds and documents, present and future, governed by English law to which the Italian Issuer may become a party in relation to the Italian Notes and the Italian Receivables;

(ii) a first fixed charge of its rights in and to monies standing to the credit of the Italian Transaction Account;

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

(iv) a first floating charge by way of further security over all of the whole of the Italian Issuer's undertaking and all its property rights and assets which will rank in point of priority behind all fixed security granted in favour of the Representative of the Italian Noteholders.

The Italian Issuer Deed of Charge and the Italian Issuer Deed of Pledge are together the "**Italian Security Documents**".

10. The Properties

The following is a summary of certain characteristics of the Properties:

General Property Characteristics

Loan	Cut-Off Securitised Balance (€) [1]	Number of Properties	Aggregate Property Valuation (€) [2]
Bridge	342,090,000	6	493,700,000
Tour Esplanade	260,200,000	1	381,000,000
Thunderbird	137,409,436	42	158,776,000
Fortezza	131,555,314	6	149,100,000
Falcon Crest	128,163,295	38	173,110,000
E-Shelter	122,725,000	1	168,100,000
Tresforte	74,940,224	17	89,060,000
Lightning Dutch	66,300,000	5	88,400,000
Corvatsch	63,629,652	12	70,617,041
Woolworth Boenen	48,908,462	1	69,640,000
Corviglia	48,486,280	10	58,017,225
Firebird	28,232,381	18	29,056,000
Grazer Damm 2	23,385,000	4	42,324,000
Cinedome	12,281,759	1	18,960,320
Built	9,100,000	5	10,625,000
Total	**1,497,406,803**	**167**	**2,000,485,586**

(1) Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.

(2) Based on Valuations. See *"The Loan Portfolio - General considerations on the origination of the Loans - Valuations"*.

Geographic Concentration

The table below shows the number and percentage of the Properties located in the indicated regions:

Properties by Region

Country	Region	Number of Properties	Aggregate Cut-Off Securitised Balance (€) [1]	% of Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) [2]	% of Aggregate Property Value	Weighted Average Cut-Off Allocated LTV (%) [2][3]	Weighted Average Exit LTV (%) [2][3][4]
Germany	Hesse	5	372,466,145	24.9%	528,900,000	26.4%	67.6%	66.1%
Germany	Berlin	96	360,141,146	24.1%	463,481,000	23.2%	73.9%	65.5%
Germany	North Rhine-Westphalia	2	78,158,356	5.2%	111,840,000	5.6%	69.9%	65.5%
Germany	Lower Saxony	9	17,436,952	1.2%	24,410,000	1.2%	71.4%	n/a
Germany	Hamburg	1	7,592,929	0.5%	10,900,000	0.5%	69.7%	n/a
Germany	Bavaria	1	3,382,125	0.2%	4,600,000	0.2%	73.5%	49.5%
Germany	Schleswig-Holstein	1	835,919	0.1%	1,200,000	0.1%	69.7%	n/a
France	Ile de France	1	260,200,000	17.4%	381,000,000	19.0%	67.5%	67.5%
The Netherlands	Utrecht Area	10	70,642,119	4.7%	89,930,000	4.5%	78.6%	76.3%
The Netherlands	South Holland	5	35,374,686	2.4%	45,670,000	2.3%	77.5%	75.9%
The Netherlands	Overijssel	2	23,501,913	1.6%	27,930,000	1.4%	84.1%	78.2%
The Netherlands	Gelderland	2	6,639,101	0.4%	7,890,000	0.4%	84.1%	78.2%
The Netherlands	North Brabant	2	2,835,713	0.2%	3,370,000	0.2%	84.1%	78.2%
The Netherlands	North Holland	1	2,246,692	0.2%	2,670,000	0.1%	84.1%	78.2%
Italy	Lombardy	4	71,010,710	4.7%	82,200,000	4.1%	68.0%	68.0%
Italy	Campania	1	55,778,764	3.7%	61,400,000	3.1%	71.5%	71.5%
Italy	Tuscany	1	4,765,841	0.3%	5,500,000	0.3%	68.2%	68.2%
Switzerland	Basel	1	24,564,937	1.6%	24,297,139	1.2%	96.2%	90.6%
Switzerland	St Gallen	2	14,826,486	1.0%	21,771,763	1.1%	68.1%	61.6%
Switzerland	Genève	4	16,432,476	1.1%	18,334,666	0.9%	85.6%	80.6%
Switzerland	Fribourg	2	13,721,647	0.9%	15,969,855	0.8%	84.5%	79.4%
Switzerland	Bern	3	12,585,498	0.8%	15,761,919	0.8%	79.8%	74.9%
Switzerland	Zürich	4	11,591,210	0.8%	13,938,480	0.7%	81.7%	76.8%
Switzerland	Ticino	2	9,431,643	0.6%	13,657,951	0.7%	65.7%	61.9%
Switzerland	Solothurn	1	10,559,183	0.7%	12,366,656	0.6%	85.4%	80.1%
Switzerland	Vaud	3	5,714,580	0.4%	5,880,652	0.3%	92.5%	87.1%

Country	Region	Number of Properties	Aggregate Cut-Off Securitised Balance (€) [1]	% of Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) [2]	% of Aggregate Property Value	Weighted Average Cut-Off Allocated LTV (%) [2][3]	Weighted Average Exit LTV (%) [2][3][4]
Switzerland	Neuchâtel	1	4,970,031	0.3%	5,615,503	0.3%	88.5%	83.0%

[1] Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.
[2] Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
[3] Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.
[4] Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

Properties by Country

Country	Number of Properties	Aggregate Cut-Off Securitised Balance (€) [1]	% of Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) [2]	% of Aggregate Property Value	Weighted Average Cut-Off Allocated LTV (%) [2][3]	Weighted Average Exit LTV (%) [2][3][4]
Germany	115	840,013,573	56.1%	1,145,331,000	57.3%	70.5%	67.3%
France	1	260,200,000	17.4%	381,000,000	19.0%	67.5%	67.5%
The Netherlands	22	141,240,224	9.4%	177,460,000	8.9%	79.6%	76.6%
Italy	6	131,555,314	8.8%	149,100,000	7.5%	69.4%	69.4%
Switzerland	23	124,397,692	8.3%	147,594,586	7.4%	82.2%	76.9%

[1] Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.
[2] Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
[3] Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.
[4] Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

Property Usage Type

Use Type	Number of Properties	Aggregate Cut-Off Securitised Balance (€) [1]	% by Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) [2]	% of Aggregate Property Value	Weighted Average Cut-Off Allocated LTV (%) [2][3]	Weighted Average Exit LTV (%) [2][3][4]
Office	45	875,744,200	58.5%	1,201,195,143	60.0%	70.2%	70.7%
Retail	6	10,144,899	0.7%	12,125,000	0.6%	83.7%	80.8%
Industrial	3	52,907,920	3.5%	73,797,604	3.7%	71.5%	65.1%
Datacentre	1	122,725,000	8.2%	168,100,000	8.4%	64.1%	59.3%
Mixed Use	69	312,060,329	20.8%	370,846,839	18.5%	79.2%	75.4%
Multifamily	43	123,824,455	8.3%	174,421,000	8.7%	70.4%	53.9%

[1] Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.
[2] Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*"
[3] Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.
[4] Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

11. **The Notes**

Status and Form

The Notes will be constituted pursuant to the terms of a trust deed (the "**Trust Deed**") to be dated the Closing Date and between the Issuer and the Note Trustee.

The Notes will constitute limited recourse, secured and unsubordinated (other than between different classes of Notes) obligations of the Issuer.

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

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes together are referred to herein as the "**Regular Notes**", and the Regular Notes and the Class X Note together are referred to herein as the "**Notes**".

Denomination

The Regular Notes will each be in minimum denominations of €100,000 and in integral multiples of €1,000 thereafter and the Class X Note will be in a minimum denomination of €50,000.

The Notes of any class sold to non-U.S. persons in reliance on Regulation S will be represented by one or more permanent global certificates of each Class, in fully registered form, without interest coupons attached (each, a "**Regulation S Global Certificate**"), which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg (as applicable) at any time. See "*Description of the Notes", "Book-Entry Clearance Procedures*" and "*Transfer Restrictions*".

The Notes of any class sold in reliance on Rule 144A to persons who are QIBs acting for their own accounts or the accounts of other persons that are QIBs will be represented by one or more permanent global certificates of each class, in fully registered form, without interest coupons attached (each, a "**Rule 144A Global Certificate**"), which will be deposited with ABN AMRO GSTS Nominees Limited, as custodian for, and registered in the name of Cede & Co. as nominee of, DTC. Beneficial interests in a Rule 144A Global Certificate may only be held through, and transfers thereof will only be effected through, records maintained by DTC at any time. The Rule 144A Global Certificates will bear a legend to the effect that such Rule 144A Global Certificates, or any interest therein, may not be transferred except to persons that are QIBs and only in compliance with the transfer restrictions set out in such legend.

Except in the limited circumstances described herein, Notes in individual, certificated, fully registered, form ("**Individual Certificates**") will not be issued in exchange

for beneficial interests in either a Regulation S Global Certificate or Rule 144A Global Certificate. See "*Description of the Notes – Exchange for Individual Certificates*".

Issuer Security

To secure its obligations to the Issuer Secured Creditors, the Issuer will, on or about the Closing Date, enter into a deed of charge (the "**Issuer Deed of Charge**") with, *inter alios*, the Note Trustee.

The Issuer Deed of Charge will predominantly be governed by English law.

Pursuant to the terms of the Issuer Deed of Charge, the Issuer will grant the following security interests to the Note Trustee to be held on trust for itself and other Issuer Secured Creditors:

(a) an assignment by way of security of all of the Issuer's rights, title, interests and benefits in the Loans (other than the Swiss Secured Loans and the Italian Loan) and the related mortgage loan documents (including, *inter alia*, the Loan Agreements, debentures and subordination and intercreditor agreements) purchased pursuant to the relevant Loan Sale Agreement;

(b) an assignment by way of security over the Issuer's interest in the security granted in respect of each Loan (other than the Swiss Secured Loans and the Italian Loan) which is sold to it pursuant to the relevant Loan Sale Agreement and any relevant local law documentation;

(c) an assignment by way of security of all of the Issuer's rights, title, interests and benefits in the Swiss Unsecured Loans;

(d) an assignment by way of first fixed security of all of the Issuer's rights, title, interests and benefits under, *inter alia*, the Trust Deed, the Master Loan Sale Agreement, the Servicing Agreement, the Irish Corporate Services Agreement, the Cash Management Agreement, the Agency Agreement, the Liquidity Facility Agreement, the Swiss Intercompany Loan Agreement, the Swiss Unsecured Loan Agreements, the French Delegation Agreement, the Swap Agreements and the Swap Guarantees;

(e) a first fixed charge over all of the Issuer's right, title, interest and benefit in the Issuer Accounts and any other bank account of the Issuer from time to time (other than, for the avoidance of doubt, the Issuer Domestic Account), and all amounts standing to the credit of such accounts (including all interest or other income or distributions payable in respect of such amounts from time to time);

(f) a first fixed charge over all of the Issuer's right, title, interest and benefit in the Tranching Accounts, and all amounts standing to the credit of such accounts (including all interest or other income or distributions payable in respect of such amounts from time to time);

(g) a first fixed charge over all of the Issuer's right, title, interest and benefit in and to all Eligible Investments made by or on behalf of the Issuer (including all interest or other income or distributions payable in respect of such Eligible Investments from time to time);

(h) a first floating charge over the whole of the Issuer's undertaking and all its property, assets and rights whatsoever and wheresoever (other than, for the avoidance of doubt, the Issuer Domestic Account), present and future, which will rank in point of priority behind all fixed security granted in favour of the Note Trustee pursuant to the terms of the Issuer Deed of Charge,

((a)-(h), together with the security granted pursuant to the French Loan Issuer Pledge and the Italian Notes Issuer Pledge, the "**Issuer Security**").

Some of the fixed charges above might be recharacterised as floating charges. See "*Risk Factors - Considerations Relating to the Notes - Examiners, Preferred Creditors Under Irish Law and Floating Charges*".

French Loan Issuer Pledge

In addition and to secure its payment obligations to the Issuer Secured Creditors, the Issuer will grant, in favour of the Note Trustee, the French Loan Issuer Pledge which will pledge in accordance with French law the Issuer's rights to all receivables under the French Loan. This security will benefit and inure directly in favour of the Note Trustee.

"**French Loan Issuer Pledge**" means a French law governed receivables pledge agreement in the form of a "*nantissement de créances*" under article 2355 and following of the French Civil Code granted on the Closing Date by the Issuer in favour of the Note Trustee with respect to the Issuer's rights under the French Loans.

Italian Notes Issuer Pledge

In addition and to secure its payment obligations to the Issuer Secured Creditors, the Issuer will grant, in favour of the Note Trustee acting on behalf of the Issuer Secured Creditors, a pledge, in accordance with Italian law, over its Italian Notes (the "**Italian Notes Issuer Pledge**" and together with the Issuer Deed of Charge and the French Loan Issuer Pledge, the "**Issuer Security Documents**").

Enforcement of Security

The Notes will all share the same security, but, in the event of the Issuer Security being enforced, which may occur as a result of an Event of Default (as defined in Condition 10 (*Events of Default*)) by the Issuer, the amounts payable to the Issuer Secured Creditors (except for the holders of the

Notes and except (i) amounts owed to the Originators pursuant to the terms of the Loan Sale Agreement; (ii) certain subordinated amounts due to the Swap Providers pursuant to the terms of the Swap Agreements; and (iii) certain subordinated amounts due to the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility Agreement) will rank in priority to payments of interest or principal on the Notes.

The Class X Noteholders will be repaid principal when due from a separate account of the Issuer (the "**Class X Account**") charged in favour of the Note Trustee, and held on trust by the Note Trustee for the benefit of the Class X Noteholders only, pursuant to the terms of the Issuer Deed of Charge and into which the Issuer will deposit €50,000 on the Closing Date. No other class of Noteholders or other Issuer Secured Creditor will be entitled to repayment from the amounts standing to the credit of Class X Account and, for the avoidance of doubt, no amounts standing to the credit of the Class X Account will be paid other than to Class X Noteholders.

See "*Application of Funds - Post-Enforcement Priority of Payments*".

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (each a "**Noteholder**", and, collectively, the "**Noteholders**"), but where there is, in the Note Trustee's opinion, a conflict between such interests (except where otherwise provided in the Trust Deed and the Conditions), the Note Trustee is required to have regard only to the interests of the then Most Senior Class of Regular Notes then outstanding. See "*Risk Factors – Considerations Related to the Notes – Conflicts of interest between the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes*".

"**Most Senior Class of Regular Notes**" shall mean the Class A Notes, or if no Class A Notes are outstanding, the Class B Notes, or if no Class A Notes or Class B Notes are outstanding, the Class C Notes, or if no Class A Notes, Class B Notes or Class C Notes are outstanding, the Class D Notes, or if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, the Class E Notes, or if no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes are outstanding, the Class F Notes.

Interest payable on the Class A Notes on any Payment Date

The amount of interest which is due and payable on the Class A Notes on any Payment Date is an amount calculated by applying the then Class A Note Rate of Interest to the then Principal Amount Outstanding on the Class A Notes multiplying by the actual number of days in the relevant Interest Period and dividing by 360.

Failure by the Issuer to pay the full amount of interest on the Class A Notes when due and payable, will result in an Event of Default, which may result in the Note Trustee enforcing the Issuer Security. See "*Terms and Conditions of the Notes*", specifically Condition 10 (*Events of Default*).

Interest payable on the Class X Note on any Payment Date

Interest will accrue on the Principal Amount Outstanding of the Class X Note at the Class X Interest Rate and will be payable quarterly in arrears on each Payment Date. The Class X Interest Rate in respect of each Interest Period will be calculated by the Cash Manager on the Determination Date that falls within that Interest Period.

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

"**Class X Interest Amount**" means, with respect to any Interest Period, the greater of (a) zero and (b) the excess (if any) of the Expected Available Interest Collections for such Interest Period over the amounts due and payable by the Issuer in accordance with items (i) to (xiv) inclusive (excluding item (vii)(b)) of the Issuer Revenue Pre-Enforcement Priority of Payments for such Interest Period.

"**Expected Available Interest Collections**" means, with respect to an Interest Period, the amount of Available Interest Collections that would have been available on the Payment Date falling at the end of such Interest Period, assuming full and timely payment by the Borrowers of interest due and payable on the Loans on the relevant Loan Payment Date falling in such Interest Period (with such amount being subject to reduction in respect of the first two Interest Periods by, for each Interest Period, an amount equal to any difference in the then Expected Available Interest Collections during each such periods if the Italian Notes have not been subscribed for by the end of such Interest Period by the Issuer as compared with the expected amount of Available Interest Collections during such Interest Period if the Italian Notes had been subscribed for by the Issuer by the end of such Interest Period).

The amount of interest which is due and payable on the Class X Note on any Payment Date prior to the enforcement of the Issuer Security is an amount based on applying the Class X Interest Rate to the Principal Amount Outstanding on the Class X Note.

For the first Interest Period, the number of days on which interest accrues in respect of the Notes will be greater than the number of days on which interest accrues in respect of the underlying Loans (due to each Loan Payment Date in respect of the underlying Loans falling before the first Payment Date in respect of the Notes) which will lead to a reduced Class X Interest Amount and a lower Class X Interest Rate. For each subsequent Interest Period, the number of days on which interest accrues in respect of the

	Notes may be greater than the number of days on which interest accrues in respect of the underlying Loans which will lead to a reduced Class X Interest Amount and a lower Class X Interest Rate.
Interest payable on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class X Note on any Payment Date prior to the enforcement of the Issuer Security	The amount of interest which is due and payable on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on any Payment Date prior to the enforcement of the Issuer Security (and other than the Payment Date falling on the Maturity Date or any earlier redemption of the Notes in full in accordance with Conditions 6(c) (*Mandatory Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Mandatory Redemption in Full – Swap Agreements*)) is an amount based on applying the relevant Rate of Interest for such class of Notes to the Adjusted Notional Amount Outstanding on such class of Notes multiplying by the actual number of days in the relevant Interest Period and dividing by 360. If there is a shortfall in the required amount of Available Interest Collections on a Payment Date (after, for the avoidance of doubt, the drawing of any amounts available to the Issuer pursuant to the terms of the Liquidity Facility Agreement), then certain amounts of interest due on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, Class F Notes and the Class X Note on such Payment Date shall be deferred (with the Issuer creating a provision in its accounts on such Payment Date equal to such interest deferred) and such interest shall not be due and payable until the next Payment Date on which the Issuer has sufficient Available Interest Collections to pay such amounts. The interest on the Class F Notes is limited, in accordance to Condition 5(c) (*Note Rates of Interest and Calculation of Interest Amounts for Notes*), to an amount equal to the lesser of the Interest Amount with respect of the Class F Notes, and the available funds after the payment of interest on all other Classes of Notes. See "*Risk Factors – Considerations Related to the Notes – Effect of Principal Losses on Interest Payments and Principal Repayments on the Notes"* and "*Risk Factors – Considerations Related to the Notes – Effect of Prepayments on the Loans*" and Condition 5 (*Interest*) and in particular Condition 5(i) (*Deferral of interest*).
Withholding or Deduction for Taxes	All payments of interest on and repayments of principal in respect of the Notes will be made subject to any applicable withholding or deduction for or on account of any tax, and neither the Issuer nor any other person will be obliged to pay any additional amounts to Noteholders in respect of any amounts required to be withheld or deducted. The Irish withholding tax position in relation to the Notes is described in "*Taxation in Ireland*". See also "*Risk Factors – Considerations Relating to the Notes – Withholding Tax under the Notes*".

Principal Final Redemption

Unless previously redeemed, the Notes will be redeemed at their aggregate Principal Amount Outstanding together with accrued interest on the Maturity Date.

Mandatory Redemption in Part

Unless a Note Enforcement Notice has been served, the Regular Notes will be subject to mandatory redemption in part in the manner described in "*Application of Funds – Payments out of the Issuer Transaction Accounts Prior to Enforcement of the Notes – Available Principal Collections*". See further "*Terms and Conditions of the Notes*", specifically Condition 6(b) (*Mandatory Redemption from Available Principal Payments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*).

On the first Payment Date, the Class X Note will be subject to mandatory redemption in part from amounts standing to the credit of the Class X Account on the first Distribution Date in the amount of €45,000. The remaining principal amount outstanding in respect of the Class X Note will not be repaid until the earliest to occur of:

(a) the Final Maturity Date;

(b) the date that all Notes have been redeemed in full; or

(c) the service of a Note Enforcement Notice.

Mandatory/Optional Redemption

The Notes may be redeemed in full, but not in part, at the option of the General Master Servicer or the General Special Servicer, when the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the initial principal amount of the Notes.

The Notes will be subject to mandatory redemption in full if:

(a) in each case the Issuer has certified in writing to the Note Trustee that it will have sufficient funds available to it on the relevant Payment Date to discharge all of its liabilities in respect of the Notes and any amounts required under the Issuer Deed of Charge to be paid in priority to, or *pari passu* with, the Notes on such Payment Date; and

(b) no Note Enforcement Notice has been served; and

(c) the Issuer satisfies the Note Trustee that, by virtue of a change in tax law from that in effect on the Closing Date, the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes; or

(d) by virtue of a change in law from that in effect at the Closing Date, any amount payable by the Borrowers in relation to any of the Loans (other than the Italian Loan) is reduced or ceases to be

receivable (whether or not actually received); or

(e) if a Tax Event (as defined in Condition 6(e) (*Mandatory Redemption in Full – Swap Agreements*)) occurs in respect of a Swap Agreement, and:

(i) the Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office, affiliate or suitably rated third party to cure the Tax Event, and

(ii) the Issuer is unable to find a replacement swap provider (the Issuer being obligated to use reasonable efforts to find a replacement swap provider).

The Notes may be redeemed by way of an optional redemption in full or, as applicable, in part, if:

(a) in each case the Issuer has certified in writing to the Note Trustee that it will have sufficient funds available to it on the relevant Payment Date to discharge all of its liabilities in respect of the Notes and any amounts required under the Issuer Deed of Charge to be paid in priority to, or *pari passu* with, the Notes on such Payment Date; and

(b) no Note Enforcement Notice has been served; and

(c) by virtue of a change in law from that in effect at the Closing Date, any amount payable by the Swiss SPV in relation to any of the Swiss Unsecured Loans is reduced or ceases to be receivable (whether or not actually received); or

(d) by virtue of a change of law from that in effect on the Italian Issue Date, any amount payable by the Italian Issuer under the Italian Notes is reduced or ceases to be receivable (whether or not actually received).

The Notes will only be redeemed by way of optional or mandatory redemption in accordance with "*Application of Funds – Payments out of the Issuer Transaction Accounts Prior to Enforcement of the Notes*". See "*Terms and Conditions of the Notes*", specifically Conditions 6(c) (*Mandatory Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) and 6(e) (*Mandatory Redemption in Full – Swap Agreements*).

Issuer Domestic Account

"**Issuer Domestic Account**" means the account established by the Issuer for the purpose of holding the proceeds of the issued share capital of the Issuer and the Issuer Profit Amount and any interest earned thereon.

Purchase of Notes

The Issuer may not purchase the Notes at any time.

Reports to Noteholders

On each Payment Date, the Cash Manager will furnish a Payment Date Statement (as defined in the Master Definitions Agreement) to the Note Trustee and the General Master Servicer, the Italian Master Servicer, the French Master Servicer or any Delegate Master Servicers (as applicable). The General Master Servicer (with the assistance of the Italian Master Servicer, the French Master Servicer and any Delegate Master Servicers) is also required to deliver on the Business Day prior to each Determination Date (except for the first Determination Date) to the Cash Manager and the Note Trustee on behalf of the Noteholders the following reports: a CMSA Loan Set–up File; and a CMSA Loan Periodic Update File with fields currently numbered 1 to 51 completed and fields currently numbered 52 to 101 left blank, each in the most recent form approved by the CMSA.

In addition, the General Master Servicer (with the assistance of the Italian Master Servicer, the French Master Servicer and any Delegate Master Servicers) is required to deliver five Business Days after each Payment Date (except for the first Payment Date) to the Cash Manager and the Note Trustee on behalf of Noteholders the following completed reports: a CMSA Loan Periodic Update File; a CMSA Property File; CMSA Financial File; a CMSA Delinquent Loan Status Report; a CMSA Historical Loan Modification and Corrected Loan Report; a CMSA Comparative Financial Status Report; and a CMSA Servicer Watch List, each in the most recent form approved by the CMSA.

The reports (plus any notices to Noteholders) will be available at the Cash Manager's internet website, www.eTrustee.net. The Cash Manager's internet website does not form part of this Prospectus.

Upon reasonable prior notice, a Noteholder may also review at the Issuer's and Irish Paying Agent's offices during normal business hours a variety of information and documents that pertain to the Loans and the Properties.

See "*Description of the Notes – Reports to Noteholders*"; "*Available Information*".

12. Application of Funds

Principal source of funds

The payment of principal and interest by

(i) the Borrowers under the Loans (with the exception of the Swiss Secured Loans and the Italian Loan);

(ii) the Swiss SPV under the Swiss Unsecured Loans; and

(iii) the Italian Issuer under the Italian Notes,

will provide the principal source of funds for the Issuer to make payments of principal and payments of interest in respect of the Notes. For a detailed discussion of the

application of funds received by the Issuer, see "*Application of Funds*". See also "*Risk Factors – Considerations Relating to the Notes – Limited Resources*".

Funds Paid into the Issuer Euro Transaction Account, Issuer Swiss Franc Transaction Account and into the Tranching Accounts

On or shortly after each Loan Payment Date, the Security Agents, acting on the instructions of the relevant Master Servicer will:

(a) with respect to each Loan (other than the Italian Loan, the Swiss Secured Loans, the Bridge Whole Loan, the Woolworth Boenen Whole Loan, the Falcon Crest Whole Loan, the E-Shelter Whole Loan, the Firebird Whole Loan and the Thunderbird Whole Loan) transfer from each relevant Borrower's accounts, interest, principal and fees and other amounts received from the Borrower or Borrowers under such Loans to the Issuer Euro Transaction Account;

(b) in respect of the Bridge Whole Loan, to a separate tranching account (the "**Bridge Tranching Account**") maintained in the name of the General Master Servicer and held on trust for the benefit of the Issuer and the then holder of the Specific B Piece in accordance with their then respective shares of the Bridge Whole Loan;

(c) in respect of the Woolworth Boenen Whole Loan, to a separate tranching account (the "**Woolworth Boenen Tranching Account**") maintained in the name of the General Master Servicer and held on trust for the benefit of the Issuer and the then holder of the Specific B Piece in accordance with their then respective shares of the Woolworth Boenen Whole Loan;

(d) in respect of the Falcon Crest Whole Loan, to a separate tranching account (the "**Falcon Crest Tranching Account**" and, together with the Bridge Tranching Account and the Woolworth Boenen Tranching Account, the "**Tranching Accounts**") maintained in the name of the General Master Servicer and held on trust for the benefit of the Issuer and the then holder of the Specific B Piece in accordance with their then respective shares of the Falcon Crest Whole Loan;

(e) in respect of the E-Shelter Whole Loan, to a separate tranching account (the "**E-Shelter Tranching Account**") maintained in the name of the General Master Servicer and held on trust for the benefit of the Issuer and the then holder(s) of the Specific B Piece and the Capex B Piece (if any) in accordance with their then respective shares of the E-Shelter Whole Loan;

(f) in respect of the Firebird Whole Loan, to a separate tranching account (the "**Firebird Tranching**

Account") maintained in the name of the General Master Servicer and held on trust for the benefit of the Issuer and the then holder of the Capex B Piece (if any) in accordance with their then respective shares of the Firebird Whole Loan; and

(g) in respect of the Thunderbird Whole Loan, to a separate tranching account (the "**Thunderbird Tranching Account**") maintained in the name of the General Master Servicer and held on trust for the benefit of the Issuer and the then holder of the Capex B Piece (if any) in accordance with their then respective shares of the Thunderbird Whole Loan;

In relation to amounts transferred to the Tranching Accounts, after the Cash Manager advises the General Master Servicer of the net payments to be made or received under the relevant Interest Rate Swap Transactions, Basis Swap Transactions and Currency Swap Transactions, the General Master Servicer will calculate the proportion of the resulting amounts due to each of the Issuer and the holders of the relevant B Pieces in accordance with the terms of the relevant Intercreditor Agreement and then transfer amounts due (net of any relevant permitted costs, fees and expenses of the General Master Servicer and/or the General Special Servicer) to the Issuer from the relevant Tranching Account to the Issuer Euro Transaction Account, after which the Issuer may make any necessary drawings under the Liquidity Facility (which, for the avoidance of doubt, does not include drawings for a B Piece).

See "*The Loans - The Secured Accounts*".

Funds paid into the Swiss SPV Transaction Account

On or shortly after each Loan Payment Date under each loan agreement with respect to each Swiss Secured Loan and the Corvatsch Secured Whole Loan (together, the "**Swiss Secured Loan Agreements**"), the General Master Servicer will instruct the relevant Security Agent to transfer from each relevant Swiss Borrower's accounts to the Swiss SPV Transaction Account an amount in respect of interest, principal and fees and other amounts then due and payable by the relevant Swiss Borrower under each Swiss Secured Loan. The Cash Manager will apply the amounts credited to the Swiss Account on each Payment Date (including any amounts advanced to the Swiss SPV from the Issuer by way of a Swiss Intercompany Loan made in accordance with and pursuant to the Swiss Intercompany Loan Agreement) subject to the Swiss SPV Interest Collections Priority of Payments and Swiss SPV Principal Collections Priority of Payments, to pay the then costs and expenses of the Swiss SPV and thereafter to pay amounts due and payable under the Corvatsch Unsecured Whole Loan, the Corviglia Unsecured Loan and the Cinedome Unsecured Loan.

For a more detailed description of the application of funds paid into the Swiss SPV Transaction Account, see "*Application of Funds - The Swiss SPV Accounts*".

Swiss SPV Expenses Reserve

On each Payment Date, to the extent that the sum of the payments required to pay the Swiss SPV's costs and expenses (other than in respect of any Liquidation Fee and/or Workout Fee then due and payable to the General Special Servicer and any payments then due and payable under the Swiss Secured Loan and/or the Corvatsch Secured Whole Loan) is less than the Swiss SPV Expenses Amount (such difference being the then "**Swiss SPV Expenses Reserve Amount**"), an amount equal to the Swiss SPV Expenses Reserve Amount will be transferred to an account (the "**Swiss SPV Expenses Reserve Account**") established in the name of the Swiss SPV.

The Cash Manager, on behalf of the Swiss SPV, will make drawings from the Swiss SPV Expenses Reserve Account on (a) any Payment Date on which the Swiss SPV Expenses Amount is insufficient to meet such costs and expenses described above and (b) on any other date on which the Swiss SPV does not have sufficient funds to meet any of its ongoing expenses (any such amount being drawn being a "**Swiss SPV Expenses Permitted Utilisation Amount**").

On the later of (a) the Final Maturity Date or (b) the date on which the Swiss Secured Loans have all been repaid in full, any amounts standing to the credit of the Swiss SPV Expenses Reserve Account will be paid to the Issuer as additional interest on the Swiss Unsecured Loans.

For a more detailed description of the application of funds paid into the Swiss SPV Transaction Account, see "*Application of Funds - The Swiss SPV Transaction Account*".

Funds paid into the Italian Transaction Account

On or shortly after each Loan Payment Date under the facility agreements with respect to the Italian Loan (the "**Italian Loan Agreement**"), the Italian Master Servicer will instruct the relevant Security Agent to transfer from the Italian Borrower's account to the Italian Transaction Account an amount in respect of interest, principal and fees and other amounts then due and payable by the Italian Borrower under the Italian Loan. Amounts credited to the Italian Transaction Account will be used, subject to the Italian Priority of Payments, to pay amounts due and payable under the Italian Notes to the Issuer by crediting such due and payable amounts to the Issuer Euro Transaction Account.

For a more detailed description of the application of funds paid into the Italian Issuer Transaction Account, see "*Application of Funds - Italian Issuer Priority of Payments*".

Payments Paid out of the Issuer Euro Transaction Account prior to Enforcement of the Notes

The Cash Manager is required, prior to the service of a Note Enforcement Notice, to make the following payments out of the Issuer Euro Transaction Account, on a date which may be other than a Payment Date, in priority to all other amounts required to be paid by the Issuer:

Priority Amounts

(a) out of Issuer Interest Collections, amounts that were reserved on the immediately preceding Payment Date in accordance with item (vi) of the Issuer Revenue Pre-Enforcement Priority of Payments to cover Revenue Priority Amounts, Loan Protection Advances and Swap Amounts (each as defined in "*Application of Funds*" or "*Servicing of the Loans*") and, where such amounts are insufficient, out of Borrower Principal Collections (as defined in "*Application of Funds*"), any amounts due to third parties (other than the Issuer Secured Creditors), including taxing authorities and any receiver appointed on behalf of a Security Agent in respect of a Loan or its Related Security;

(b) out of Issuer Interest Collections, any amounts of interest payable by the Issuer to an Originator in respect of a Loan repurchased/purchased by the Originator as a result of the breach of a representation or warranty, which amounts are required to be paid to the Originator in accordance with the terms of the relevant Loan Sale Agreement as a consequence of such repurchase/purchase; and

(c) out of Borrower Principal Collections, any amounts of principal payable by the Issuer to an Originator in respect of a Loan repurchased/purchased by the Originator as a result of the breach of a representation or warranty, which amounts are required to be paid to the Originator in accordance with the terms of the Loan Sale Agreement as a consequence of such repurchase/purchase.

For a more detailed description of the application of funds paid into the Swiss SPV Transaction Account, see "*Application of Funds - The Swiss SPV Accounts*".

Liquidity Facility Advance Payments

The Issuer will in addition on any day be permitted pursuant to the terms of the Cash Management Agreement and the Liquidity Facility Agreement to pay to the Liquidity Facility Provider any Liquidity Facility Advance Payments which may be available to be paid by the Issuer on such date. See "*Hedging Arrangements and the Liquidity Facility - Liquidity Facility*".

Available Interest Collections

The Available Interest Collections (as defined in "*Application of Funds*") for each Payment Date include, among other things:

(a) amounts on deposit in the Issuer Transaction Accounts comprising Issuer Interest Collections (as defined in "*Application of Funds*") during the Collection Period immediately before such Payment Date (net of any amounts applied in payment of any Revenue Priority Amounts);

(b) all Swap Amounts paid by the Swap Providers on such Payment Date to the Issuer pursuant to the terms of the Swap Agreements (other than amounts

attributable to swap collateral (and income thereon));

(c) drawings made by the Issuer pursuant to the terms of the Liquidity Facility Agreement;

(d) any interest accrued upon and paid to the Issuer on any Issuer Account; and

(e) the income from, and proceeds of, any Eligible Investments (but excluding the principal proceeds of any Eligible Investments derived from the investment in Eligible Investments of the Class X Investment Amount).

For the avoidance of doubt, Available Interest Collections do not include Prepayment Fees or Extension Fees.

See "*Application of Funds*".

On each Payment Date prior to the enforcement of the Issuer Security, the Available Interest Collections will be applied in the following order of priority, in each case to the extent of available funds:

(i) *first*, to pay any amounts due and payable by the Issuer to the Note Trustee, in accordance with and pursuant to the terms of the Transaction Documents;

(ii) *second,* €400 to be retained by the Issuer and paid into the Issuer Domestic Account as a mandated profit (the "**Issuer Profit Amount**");

(iii) *third*, to pay to the Swap Providers, any swap breakage costs payable in accordance with and pursuant to the terms of the Swap Agreements (but excluding any Subordinated Swap Payments to be paid to the Swap Providers pursuant to the terms of the Swap Agreements and in accordance with item (xiii) below) *provided* that the amount of any premium or other upfront payment paid to and actually received by the Issuer to enter into a swap to replace any of the Interest Rate Swap Transactions, Date Adjustment Swap Transactions or the Currency Swap Transactions less any costs incurred by the Issuer in procuring such replacement swap shall be applied first in payment of any break costs due to the relevant Swap Provider;

(iv) *fourth*, to pay, *pro rata* and *pari passu*, certain other amounts due and payable by the Issuer on such Payment Date to the Issuer Secured Creditors (including, without limitation: (a) the then Italian Issuer RC Fee due and payable to the Italian Issuer in accordance with and pursuant to the terms of the terms and conditions of the Italian Notes Subscription Agreement; and (b) the advancing of

any Swiss Intercompany Loan required to be advanced to the Swiss SPV in accordance with and pursuant to the terms of the Swiss Intercompany Loan Agreement (including, for the avoidance of doubt, any applicable Master Servicing Fees and any Special Servicing Fees due and payable in respect of the Swiss Secured Loan to the General Master Servicer or the General Special Servicer), but at the same time excluding: (1) and amounts then due and payable to the Noteholders; (2) any Liquidation Fees and, in the case of any Workout Fee due and payable in respect of a Loan which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee owed to the Special Servicers in respect of any Loan; and (3) any Subordinated Liquidity Amounts payable to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement and any amounts payable to any Swap Provider and in accordance with item (xiii) below) including any arrears of amounts payable by a Specific B Piece Lender to the relevant Master Servicers and/or the relevant Special Servicers in accordance with and pursuant to the terms of the relevant Servicing Agreements and as further described under "*Application of Funds – Payments out of the relevant Issuer Transaction Account Prior to the Enforcement of the Notes – Available Interest Collections*";

(v) *fifth,* to pay Irish value added tax for which the Issuer is liable under the reverse charge mechanism in respect of services supplied to the Issuer from outside Ireland pursuant to the terms of the Transaction Documents;

(vi) *sixth*, in payment of Revenue Priority Amounts due and payable by the Issuer and in making provision for any Revenue Priority Amounts expected to become due in the immediately forthcoming Interest Period;

(vii) *seventh*, *pro rata* and *pari passu*, in payment of:

(a) interest due or overdue and payable on such Payment Date on the Class A Notes to the Noteholders of the Class A Notes;

(b) interest due or overdue and payable on such Payment Date on the Class X Note to the Noteholder of the Class X Note;

(viii) *eighth*, in payment of the Class B Interest Amount due and payable on such Payment Date on the Class B Notes to the Noteholders of the Class B Notes;

(ix) *ninth*, in payment of the Class C Interest Amount due and payable on such Payment Date on the Class C Notes to the Noteholders of the Class C Notes;

(x) *tenth*, in payment of the Class D Interest Amount due and payable on such Payment Date on the Class D Notes to the Noteholders of the Class D Notes;

(xi) *eleventh*, in payment of the Class E Interest Amount due and payable on such Payment Date on the Class E Notes to the Noteholders of the Class E Notes;

(xii) *twelfth,* in payment of the Class F Interest Amount due and payable on such Payment Date on the Class F Notes to the Noteholders of the Class F Notes;

(xiii) *thirteenth*, in payment of any amounts due and payable by the Issuer on such Payment Date to the Swap Providers, in accordance with and pursuant to the terms of the Swap Agreements in respect of any payments due and payable by the Issuer following an early termination of the relevant Swap Agreement as a result of an Event of Default (as that term is defined in the relevant Swap Agreement) in respect of which the Swap Provider is the Defaulting Party (as that term is defined in the relevant Swap Agreement) *provided* that the amount of any premium or other upfront payment paid to and actually received by the Issuer to enter into a swap to replace any of the Interest Rate Swap Transactions, Date Adjustment Swap Transactions or the Currency Swap Transactions less any costs incurred by the Issuer in procuring such replacement swap shall be applied first in payment of any break costs due to the relevant Swap Provider (the "**Subordinated Swap Amounts**"); and

(xiv) *fourteenth*, towards any amounts in respect of any Mandatory Costs (as defined under "*Application of Funds – Payments out of the relevant Issuer Transaction Account Prior to Enforcement of the Notes – Available Interest Collections*") due to the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility Agreement and any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation, including any increase in the commitment fee paid to the Liquidity Facility Provider as a result of increased costs to the extent that such Mandatory Costs and other additional amounts exceed 0.2 per cent. of the maximum aggregate amount available to be drawn under the Liquidity Facility (the "**Subordinated Liquidity Amounts**").

Available Principal Collections

The Cash Manager is required, on the basis of information provided to it by the General Master Servicer (with the assistance of the Italian Master Servicer, the French Master Servicer and any Delegate Master Servicers), to calculate on each Determination Date for the Payment Date immediately following such Determination Date:

(a) the Available Principal Recovery Proceeds, Available Amortising Payments and the Release Amounts (as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)); and

(b) the Sequential Percentage Amount and the Pro Rata Percentage Amount (each as defined below) of the Available Principal Prepayments and the Available Final Principal Payments (each as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds)*).

The "**Sequential Percentage Amount**", as calculated on each Determination Date, is an amount equal to:

(a) if the Full Sequential Pay Test is not met, 50 per cent. of the Available Principal Prepayments, the Release Amounts and the Available Final Principal Payments received in respect of the Loans during the immediately preceding Collection Period;

(b) if the Full Sequential Pay Test is met, the Available Principal Prepayments and the Available Final Principal Payments received in respect of all the Loans during the immediately preceding Collection Period.

The "**Pro Rata Percentage Amount**", as calculated on each Determination Date, is an amount equal to:

(a) if the Full Sequential Pay Test is not met, 50 per cent. of the Available Principal Prepayments, the Release Amounts and the Available Final Principal Payments received in respect of the Loans during the immediately preceding Collection Period;

(b) if the Full Sequential Pay Test is met, zero.

The "**Full Sequential Pay Test**" is met on a Determination Date if:

(a) as at such Determination Date, Payment Defaults have occurred (where "**Payment Default**" means any failure by a Borrower to pay any amount then due and payable on a Loan (which failure is not cured by a Specific B Piece Lender pursuant to any relevant Intercreditor Agreement) whereby, pursuant to the terms of the relevant Loan Agreement, after expiry of any applicable grace periods, such Loan is thereby entitled to be accelerated such that all amounts then outstanding are thereby immediately due and payable) (and without regard to whether or not such Payment

Defaults have been waived) in respect of more than 15 per cent. of the aggregate principal amount outstanding of the Loans (as at the Closing Date) since the Closing Date (save that, if a Payment Default has occurred in respect of a Loan and has since been cured and a further Payment Default subsequently occurs in respect of such Loan, such Loan shall be counted only once for the purposes of this paragraph); or

(b) a Principal Loss has occurred.

The sum of: (1) the Sequential Percentage Amount; (2) any Available Principal Recovery Proceeds; and (3) any Available Amortising Payments, as calculated on each Determination Date, is collectively referred to as "**Available Sequential Principal**" for the purposes of the Payment Date immediately following such Determination Date.

"**Release Amounts**" means, in relation to the disposal of a Property, the amount in excess of the allocated loan amount for that Property which is to be paid upon such disposal in accordance with the terms of the related Loan Agreement.

The sum of:

(a) in respect of any Determination Date, the Pro Rata Percentage Amount;

(b) on the Firebird Special Principal Payment Date, the then Firebird Distributable Capex Advance Amount (if any);

(c) on the Thunderbird Special Principal Payment Date, the then Distributable Remaining Capex Advance Amount (if any);

(d) on the Corvatsch Special Principal Payment Date, the then Corvatsch Notional Distributable Capex Advance Amount (if any);

(e) on the E-Shelter Special Principal Payment Date, the then E-Shelter Distributable Capex Advance Amount (if any);

(f) on the Tour Esplanade Special Principal Payment Date, the then Tour Explanade Remaining Capex Advance Amount (if any);

(g) if the Italian Notes are not issued by the Italian Notes Final Issue Date, the Italian Notes Subscription Amount;

are collectively referred to as the "**Available Pro Rata Principal**".

The Available Pro Rata Principal and the Available Sequential Principal on any Determination Date constitutes the "**Available Principal Collections**" for the purposes of the Payment Date immediately following such Determination Date.

The Available Sequential Principal will be applied, to the extent of available funds in the following order of priority:

(i) *first*, in payment of amounts due and payable in respect of principal to the Currency Swap Provider pursuant to the terms of the Currency Swap Transactions (except for any swap breakage costs or any part thereof due and payable to the Currency Swap Provider);

(ii) *second*, *pro rata* and *pari passu*:

(a) to pay to the relevant Special Servicer or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of the Servicing Agreement and any ancillary delegation arrangements) (to the extent not already paid), any:

(a) Liquidation Fee due and payable in respect of any Loan (other than the Swiss Secured Loans and the Italian Loan);

(b) in respect of any Loan (other than the Swiss Secured Loans and the Italian Loan) which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of such Loan for such Loan Interest Period,

each in accordance with and pursuant to the terms of the Servicing Agreement; and

(b) to pay to the Swiss SPV, by way of advance pursuant to the Swiss Intercompany Loan Agreement, an amount equal to the amount of Liquidation Fee due and payable in respect of the Swiss Secured Loans and/or in respect of any Swiss Secured Loan which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of the relevant Swiss Secured Loan for such Loan Interest Period, which the Swiss SPV will pay to the General Special Servicer;

(c) to pay to the Italian Issuer the then Italian Issuer PC Fee due and payable to the Italian Issuer in accordance with and pursuant to the terms of the terms and conditions of the Italian Notes Subscription Agreement (the amount payable by the Italian Issuer on such date under item (i) of the Italian Priority of Payments);

(d) to repay to the Liquidity Facility Provider from principal repayments of any Loan any amount previously drawn and outstanding (plus any accrued interest thereon) on the Liquidity Facility but only to the extent that such an amount remains outstanding after the application of any Available Interest Collections (in accordance with the Issuer Revenue Pre-Enforcement Priority of Payments) on such Payment Date;

(iii) *third,* in repaying principal on the Class A Notes until all of the Class A Notes have been redeemed in full;

(iv) *fourth*, in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

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

(vi) *sixth*, in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full;

(vii) *seventh*, in repaying principal on the Class E Notes until all of the Class E Notes have been redeemed in full; and

(viii) *eighth*, in repaying principal on the Class F Notes until all of the Class F Notes have been redeemed in full.

Following application of the Available Sequential Principal as described above, Available Pro Rata Principal will be applied, to the extent of available funds, from the relevant Issuer Transaction Account in the following order of priority:

(i) *first*, in payment of amounts due and payable in respect of principal to the Currency Swap Provider pursuant to the terms of the Currency Swap Agreement (except for any swap breakage costs or any part thereof due and payable to the Currency Swap Provider (to the extent not paid from

Available Sequential Principal));

(ii) *second*, *pro rata* and *pari passu* (and to the extent not paid from Available Sequential Principal):

(a) to pay to the relevant Special Servicer or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of the Servicing Agreement and any ancillary delegation arrangements) (to the extent not already paid), any:

(1) Liquidation Fee due and payable in respect of any Loan (other than the Swiss Secured Loans and the Italian Loan);

(2) in respect of any Loan (other than the Swiss Secured Loans and the Italian Loan) which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of such Loan for such Loan Interest Period,

each in accordance with and pursuant to the terms of the Servicing Agreement; and

(b) to pay to the Swiss SPV, by way of advance pursuant to the Swiss Intercompany Loan Agreement, an amount equal to the amount of Liquidation Fee due and payable in respect of the Swiss Secured Loans and/or in respect of any Swiss Secured Loan which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of the relevant Swiss Secured Loan for such Loan Interest Period, which the Swiss SPV will pay to the General Special Servicer;

(c) to pay to the Italian Issuer the then Italian Issuer PC Fee due and payable to the Italian Issuer in accordance with and pursuant to the terms and conditions of the Italian Notes;

(d) to repay to the Liquidity Facility Provider from principal repayments of any Loan any amount previously drawn and outstanding (plus any accrued interest thereon) on the Liquidity Facility but only to the extent that such an amount remains outstanding after the application of any Available Interest Collections (in

accordance with the Issuer Revenue Pre-Enforcement Priority of Payments) (and to the extent not paid from Available Sequential Principal) on such Payment Date and this repayment would take place prior to any further drawings being made under the Liquidity Facility Agreement;

(iii) *third*, (save as set out below in relation to the Class F Notes) in repaying, *pro rata* and *pari passu*, principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in the following proportions (each of the proportions calculated using the Principal Amount Outstanding of the relevant class of Notes following the application of Available Sequential Principal on the relevant Payment Date):

(a) if any Class A Notes are then outstanding, the Principal Amount Outstanding of each Class of Notes as at the relevant Payment Date;

(b) if the Class A Notes have been redeemed in full but any Class B Notes are then outstanding, the same proportion as the Principal Amount Outstanding of each of the Class B Notes, the Class C Notes or the Class D Notes, as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(c) if the Class A Notes and the Class B Notes have been redeemed in full but any Class C Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class C Notes or the Class D Notes, as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date; and

(d) if the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full but any Class D Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class D Notes as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class D Notes, the Class E Notes and the Class F Notes as

at the relevant Payment Date; and

(e) if the Class A Notes, the Class B Notes the Class C Notes and the Class D Notes have been redeemed in full but any Class E Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class E Notes bears to the aggregate Principal Amount Outstanding of the Class E Notes and the Class F Notes as at the relevant Payment Date; and,

(f) if the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full but any Class F Notes are then outstanding, the Principal Amount Outstanding of the Class F Notes as at the relevant Payment Date,

until each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Class F Note has been redeemed in full (provided that, for so long as the Woolworth Boenen Whole Loan is outstanding and there are other Classes of Regular Notes Outstanding other than just the Class F Notes, the Class F Notes are only entitled to be repaid on the pro rata basis set out above until the Principal Amount Outstanding on the Class F Notes is equal to €6,000,000 and thereafter, until such time as the Woolworth Boenen Whole Loan is repaid, the Class F Notes shall be disregarded in their entirety for the purposes of allocating Available Pro Rata Principal Amounts and no further repayments will be permitted whilst such circumstances exist).

If, in accordance with the above, any principal amount remains allocated to any Class of Notes after such Class of Notes has been redeemed in full, such excess shall be applied in accordance with the Issuer Sequential Principal Pre-Enforcement Priority of Payments.

See "*Terms and Conditions of the Notes*", specifically Condition 6(b) (*Mandatory Redemption from Available Principal Payments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*).

Any temporary liquidity surpluses in the relevant Issuer Transaction Account will be invested in Eligible Investments (as defined in "*Cash Management*").

Payments following the enforcement of the Issuer Security

The Issuer Security will become enforceable upon the Note Trustee giving the Issuer a Note Enforcement Notice. Following enforcement of the Issuer Security, the Note Trustee will be required to apply all funds received or recovered by it in accordance with the order of priority described under "*Application of Funds – Post–Enforcement*

Priority of Payments".

10. **Other aspects of the Notes**

Limited Recourse

The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of

(a) the payment of principal and interest by the Borrowers on the Loans (with the exception of the Swiss Secured Loans and the Italian Loan);

(b) the payment of principal and interest by the Swiss SPV on the Swiss Unsecured Loans (the payment ability of the Swiss SPV being itself dependant upon payment of principal and interest by the relevant Borrowers under the Swiss Secured Loans);

(c) receipt of funds from the Interest Rate Swap Providers and the Currency Swap Provider under the Swap Agreements;

(d) the payment of principal and interest by the Italian Issuer on the Italian Notes,

which together will provide the principal source of funds for the Issuer to make payments of principal and payments of interest in respect of the Notes. If the timely payment of interest under the Loans, the Swiss Unsecured Loans and the Italian Notes is not made in full, the Issuer will also have available to it (subject to satisfaction of the conditions for drawing) drawings under the Liquidity Facility Agreement. Other than the foregoing, prior to the enforcement of the Issuer Security, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes or its obligations in respect of any payments ranking in priority to or *pari passu* with the Notes.

The Notes are limited recourse obligations of the Issuer only. Accordingly, claims against the Issuer by Noteholders will be limited to the assets of the Issuer that are secured pursuant to the Issuer Security Documents and any other relevant security documents. The proceeds of realisation of such Issuer Security may, after paying or providing for all prior-ranking claims, be less than the sums due to Noteholders or certain of the Noteholders and in such instance the Issuer's obligation to pay such amount will cease and the Noteholders will have no further claim against the Issuer or any other party in respect of such amounts and in such event the Issuer's liability to discharge the unpaid amounts will be extinguished.

Sales Restrictions

The Notes have not been and will not be registered under the Securities Act or any state securities law and unless so registered may not be offered or sold within the United States or to, or for the 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 and the applicable state laws. Accordingly, the Notes are being offered and sold only to (A) "qualified institutional buyers" (within the meaning of Rule 144A) and the rules and regulations thereunder, and (B) persons (other than U.S. persons) outside the United States pursuant to Regulation S. For a description of certain restrictions on resales or transfers see "*Transfer Restrictions*".
Listing	Application has been made to the Financial Regulator in Ireland, as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.
Settlement	Euroclear, Clearstream, Luxembourg and DTC.
Governing Law	The Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the Notes and the other Transaction Documents will be governed by English law (except for the Swap Guarantee which will be governed by New York law, the Irish Corporate Services Agreement which will be governed by Irish Law, the Italian Notes Issuer Pledge which will be governed by Italian law, the Original Swiss Loan Agreement and the Swiss Security Transfer Agreements which will be governed by Swiss law and the French Loan Issuer Pledge which will be governed by French Law).
ERISA and Certain Other Considerations	See "*Risk Factors – Considerations Related to the Notes – Certain ERISA and Other U.S. Considerations*" and "*ERISA and Certain Other U.S. Considerations*".

RISK FACTORS

The following factors should be taken into account by prospective Noteholders in making any decision to purchase the Notes. The information in this section should be considered in conjunction with the detailed information regarding the Loans and the Notes and the other related transactions contained elsewhere in this Prospectus.

1. CONSIDERATIONS RELATED TO THE LOANS

Borrower Default; Sufficiency of Borrowers' Assets. Payments on the Loans are dependent primarily on the sufficiency of the rental income from the Properties and, upon default by the Borrowers (as the Loans are secured by, amongst other things, mortgages over the Properties) or on the maturity date of a Loan (with respect to each Loan, the "**Loan Maturity Date**"), on the market value of the Properties and/or the Borrowers' ability to refinance the Properties. The Properties predominantly consist of commercial properties but also include residential, retail, office, industrial and mixed-use properties (residential properties with retail or commercial units). If the cashflow from the property is reduced, a Borrower's ability to repay its Loan may be impaired.

The Borrowers' ability to make payments due under the Loans will be subject to the risks generally associated with investment in real property. These risks include adverse changes in general or local economic conditions, the financial condition of the tenants at the Properties, vacancy levels, property and rental values generally, the locality of the Properties, interest rates, property tax rates, other operating expenses or the need for capital expenditure, rejection of trade tax exemption, inflation, the supply of and demand for commercial and residential properties, planning laws, building codes or other governmental regulations and policies (including environmental restrictions), competitive conditions (including changes in land use and construction of new competitive properties) which may affect the ability of a Borrower to obtain or maintain full use of a Property, war, civil disorder, acts of terrorism, acts of God (such as floods or earthquakes), and other factors beyond the control of the Borrowers. These and other factors may make it impossible for a Property to generate sufficient income to make full and timely payments on the related Loan.

Late Payment of Rent. There is a risk that rental payments due under the leases will not be paid on the due date or will not be paid at all. In the event of a late payment of rent which is not received on or prior to the immediately following Loan Payment Date, where the resultant shortfall is not otherwise compensated from other resources of the relevant Borrower within the grace period for payment under the related Loan and where the Borrower fails to pay the amount due on that immediately following Loan Payment Date, an event of default will occur in relation to the Loan (a "**Loan Event of Default**"). This will not necessarily cause a Note Event of Default since subordinated debt of the Borrowers (if any) will bear the first loss and in the event of a shortfall on the Notes, the Issuer will have access to the Liquidity Facility to cover (to the extent funds are available) any shortfall in respect of interest payable on the Notes due to a shortfall under a Loan. No assurance can, however, be made that the resources available to the Issuer will, in all cases and in all circumstances, be sufficient to cover any shortfall of interest on the Notes and that a Note Event of Default will not in fact occur as a result of the late payment of rent.

Additional Indebtedness and Other Liabilities. Each of the Loans (apart from the Fortezza Loan Portfolio) restrict the respective Borrowers from incurring additional indebtedness unless such indebtedness is either incurred under (i) the relevant Finance Documents, (ii) is subordinated to the Loans or (iii) constitutes existing debt. Each loan of the Fortezza Loan Portfolio permits the relevant Borrower to incur additional indebtedness in certain circumstances as set out in the relevant Finance Documents.

The Borrowers are permitted to incur (i) indebtedness that arises as a normal trade credit in the ordinary course of business and (ii) other indebtedness to the extent permitted under the relevant Finance Documents. Certain of the Borrowers have other debt facilities which are fully subordinated to the Loans in priority of payments and in respect of claims upon enforcement, as described more fully under the section entitled "*The Loans*".

The foregoing are typical indebtedness provisions to be found in transactions of this type.

Each of the Bridge Loan, the Woolworth Boenen Loan, the Falcon Crest Loan and the E-Shelter Whole Loan, the Firebird Whole Loan, the Thunderbird Whole Loan and the Corvatsch Unsecured Whole Loan represents the relevant senior tranche or the relevant A Piece of such related Whole Loan to the relevant Borrowers. The Specific B Pieces and the Capex B Pieces (if any) represent additional portions of the relevant Whole Loans which have been subordinated to the related A Piece pursuant to an Intercreditor Agreement. If a Borrower fails to make payment on the respective Whole Loan in its entirety, the Whole Loan and the related Specific B Pieces will be in default. The Specific B Pieces and the Capex B Pieces (if any) will not be held by the Issuer and will, instead, be held by other lenders.

Pursuant to the Intercreditor Agreements, during the continuance of an event of default under the relevant Loan Agreement (a "**Loan Event of Default**") occurring for reason of, amongst other reasons, non-payment of sums due in respect of principal and interest in respect of any Whole Loan, the right of the respective B Piece Lender to receive payments with respect to the related B Piece is subordinated to the payment rights of the Issuer with respect to the related A Piece. However, such B Piece Lender's right to receive payments will not be fully subordinated for as long as the Specific B Piece Lender is exercising its cure right. Prior to the occurrence of a Control Valuation Event, the relevant Servicer and the relevant Special Servicer will obtain the consent of the relevant B Piece Lenders with respect to certain modifications, waivers and consents related to each relevant Whole Loan and the B Piece Lenders will be entitled to instruct the Security Agent to take enforcement action in relation to the Whole Loan. See "*The Loans - Intercreditor Agreements*" below.

Considerations Relating to Loan Concentration. In relation to any pool of loans, there is a risk that loan losses will be more severe if the pool is comprised of a small number of loans, each with a relatively large principal amount, or if losses relate to loans that account for a disproportionately large percentage of the pool's aggregate principal balance. There will be 15 underlying Loans. Losses on any Loan may have a substantial adverse affect on the ability of the Issuer to make payments under the Notes.

The Bridge Loan is the largest Loan (by principal balance) and, as at the Cut-Off Date, represents 22.8 per cent. of the Loans (by principal balance). The Tour Esplanade Loan is, by value, the largest Property and represents 16.6 per cent. of the net rent per annum of the aggregate net rent per annum of all Properties and 15.6 per cent. of the gross rental income from the Properties.

Borrowers' Ability to Refinance or Sell the Properties on the relevant Loan Maturity Date. All of the Loans other than the Italian VAT Loans are expected to have substantial remaining principal balances outstanding as at their respective maturity dates. The ability of a Borrower to repay a Loan other than the Italian VAT Loans on the relevant Loan Maturity Date will depend significantly on the ability of the Borrower to refinance the relevant Loan or sell the Property or Properties that secure it. The ability of a Borrower to accomplish the foregoing will be affected by a number of factors, including the availability of financing at the time, the Borrower's equity in the Property, the financial condition of the Borrower (including any additional indebtedness), the operating history of the Property and the factors described under "*Borrower Default; Sufficiency of Borrowers' Assets*" above. None of the Issuer, the Originators, Lehman Brothers International (Europe) or any of their respective affiliates or any other person is or will be under any obligation to refinance any of the Loans and there is no assurance that the value of any Property on the Loan Maturity Date of the related Loan will be equal to or exceed the amounts then due under such Loan.

Failure by a Borrower to refinance its Loan or to sell any relevant Properties on or prior to the maturity date of its Loan or failure by the Borrower to obtain a new Interest Rate Swap Transaction, Date Adjustment Swap Transaction or relevant Currency Swap Transaction in respect of any Loan in connection with an extension of the maturity date of the relevant Loan may result in such Borrower defaulting on its Loan. In the event of such a default, the Noteholders, or the holders of certain classes of Notes, may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay, in full, interest due on the Notes.

Enforcement. Following a Loan Event of Default or an event of default under the Italian Notes and/or the Swiss Unsecured Loans, enforcement of the relevant Related Security may not be immediate, resulting in significant delays in the relevant Security Agent's recovery of amounts owed

by the relevant Borrower under the relevant Loan. In certain circumstances, a moratorium may apply to prevent or delay enforcement in a Relevant Jurisdiction. However, the Issuer may (subject to certain conditions and subject to the maximum commitment amount) draw amounts under the Liquidity Facility in the event of a liquidity shortfall to meet payments of interest on the Notes.

Additionally, in each Relevant Jurisdiction, there may be certain classes of creditors entitled to receive the proceeds of secured assets before the Security Agent or the relevant Lenders (for example unpaid salaries, enforcement costs and taxes).

The obligations of the Borrowers are not insured or guaranteed by the Issuer, the Originators, the Managers, LBF, the Master Servicers, the Special Servicers, the Delegate Master Servicers (if appointed), the Delegate Special Servicers (if appointed), the French Servicer, the French Special Servicer, the Italian Master Servicer, the Italian Special Servicer, the Cash Manager, the Note Trustee, the Security Agents, the Corporate Services Provider, the Paying Agents, the Agent Bank, the Registrar, the Transfer Agent, the Liquidity Facility Provider, the Interest Rate Swap Providers, the Currency Swap Provider, the Swap Guarantor, the Exchange Agent, the Issuer Account Bank, the Swiss SPV, the Italian Issuer, the Representative of the Italian Noteholders or any of the Italian Related Parties. Amounts received on enforcement of the security created to secure the Loans, following a default under the related Loan, including proceeds of any sale or other disposal of the Properties, could be insufficient to pay the relevant Loan in full, in which case Noteholders may ultimately suffer a loss.

2. RISKS RELATING TO THE PROPERTIES

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

In the event that all or part of a Property were to become subject to a compulsory purchase, compensation would be payable to the relevant Borrower (or Mortgagor, if different) and the occupational tenants according to their respective interests. However, there is often a delay between the compulsory purchase of a property and the payment of compensation which is, *inter alia*, dependent on the parties' ability to agree upon the open market value of the property and compensation in relation to compulsory purchase may be less than the open market value of the property or the open market value may be less than the amount paid for the Property (and therefore lent). As the occupational tenants' obligations to pay rent would cease upon completion of the compulsory purchase (unless the relevant Borrower has other funds available to it for such purposes) it may be unable to meet its obligations under the related Loan Agreement. The Loan Agreements require the Borrowers to apply any compulsory purchase compensation towards repayment of principal on the Loan to which the compensation relates. Any such payments received will be treated as Principal Prepayment (as defined in Condition 6(b)) and will be used by the Issuer to redeem the Notes (or part thereof). The amount of compensation may be insufficient to repay all sums due under the related Loan.

Also see "*Consideration Related to the Relevant Jurisdictions*" - "*Germany*", "*Mining Claims*" below.

Pre-Emption Rights of Municipalities and Other Authorities. Under certain circumstances in each Relevant Jurisdiction a municipality can exercise a right of pre-emption when real properties situated within such a municipality are subject to a purchase. In relation to German Properties located in areas subject to specific regulations e.g. nature protection areas or which are protected monuments, other pre-emption rights of authorities may apply. See "*Considerations Related to the Relevant Jurisdictions*" - "*Germany*", "*Monument Protection*" below. This pre-emption right exists typically when the relevant real property is deemed useful or required for certain public purposes (such as e.g. for public general development or preserving buildings of cultural interest) or is a building of significant architectural or historical value. In some jurisdictions, the purchase price may be lower than the price agreed between the seller of the relevant Property.

In France, in case the municipality benefits from such a pre-emption right, a notice of the contemplated transfer must be addressed to the competent municipality or public institution on behalf of the seller. The municipality or public institution must decide whether or not it will exercise its pre-emption right. If it exercises its pre-emption right, it may propose to purchase the property for a lower price than the price agreed with the potential purchaser. In such case, the seller may either (i) renounce to sell its property or (ii) refuse such lower price. The price will then be fixed by the judge. In these circumstances there can be no assurance that the seller will be successful in eventually conveying the property at the contemplated price.

Environmental Considerations. Certain existing environmental laws impose liability for clean-up and other costs and compensation if a property is or becomes contaminated. A Borrower may be liable for the entire amount of such costs and compensation for a contaminated site regardless of whether the contamination was caused by it or whether the Borrower owned the Property at the time when the contamination was caused, thereby reducing its ability to make payments on its Loan. The tenants of Properties affected may be entitled to reduce or withhold rental payments, claim damages or to prematurely terminate their leases. In addition, the presence of hazardous or toxic substances, or the failure to properly remedy adverse environmental conditions at a Property, may adversely affect the market value of the Property as well as the Borrower's ability to sell, lease or refinance the Property.

There can be no assurance that the Properties are free from and in the future will remain free from material environmental conditions which could result in a material adverse effect on the related Borrower's business or results of its operations or on the value of the real estate. See "*The Loans – Origination of the Loans – Environmental Assessments*" and "*Considerations related to the Relevant Jurisdictions*" - "*Germany*", "*Register of Contaminated Sites and Environmental Issues*" for a description of the environmental due diligence undertaken prior to origination of the Loans and its results.

Considerations Associated with the Management of the Properties by the Managing Agents. The effective management and operation of a Property affects the revenues, expenses and value of such Property. The property manager is responsible, *inter alia*, for rent and service charge collection, payment of outgoings, monitoring, inspecting and reporting on the condition of the properties and tenant liaison. Properties deriving revenues primarily from short-term sources, such as short term leases, are generally more management intensive than properties leased to creditworthy tenants under long-term leases. No representation or warranty is made as to the skills of any present or future managers. Additionally, no assurance can be made that the property managers will be in a financial condition to fulfil their management responsibilities throughout the terms of their respective management agreements.

Due Diligence. Except as described under "*The Loans — Origination of the Loans"*, neither the Issuer, LBF, the Italian Issuer nor the Note Trustee has undertaken or will undertake any investigations, searches or other actions as to the status of any Borrower or any other obligor under the Loans, and each will rely instead solely on the warranties given by the Originators in respect of such matters in the Loan Sale Agreements. The only due diligence conducted was undertaken by the relevant Originator (or on its behalf) at the time of the origination of the Loans, which was largely limited to a review of a selection of the following: certificates of title, reports on title or legal due diligence reports prepared by its or the relevant Borrower's counsels, site visits to some of the Properties, third party valuations of the Properties environmental and/or structural surveys the scope of which was limited. The scope of the certificates, reports on title or legal due diligence reports prepared or reviewed was limited in certain cases, e.g. to a review of title to the properties and leases. The review of the leases was regularly limited to a review of samples or, in case of residential leases, templates.

The sole remedy against an Originator of each of the Issuer and the Note Trustee in respect of any breach of warranty relating to the Loans and related security if the breach is material and is not capable of remedy (or is capable of remedy and is not remedied within the specified time) will be to require the relevant Originator to repurchase the Loan notwithstanding any other remedies available to the Issuer and/or the Note Trustee if the Originator fails to repurchase (at such Originator's expense) any applicable Loan when obligated to do so.

Sufficiency of Insurance. Although the Loans (other than the Italian VAT Loans) require each Property to be insured at appropriate levels and against the usual risks for the Relevant Jurisdiction, there can be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. The Loan Agreements require each of the Borrowers to maintain insurance with substantial and reputable insurers with the requisite rating approved by the Issuer or the relevant Security Agent (except for the Swiss Secured Loans under which no approval is required) or complying with certain existing requirements (as applicable), including the requisite rating requirement. The amount covered is required to be at least the full reinstatement value of the insured property, with provision also being made for the cost of clearing the site and architects', engineers', surveyors' and other professional fees incidental thereto. Cover must also be maintained for loss of rent (in Italy for a period of not less than 2 years). The Borrowers are also required to maintain insurance against public liability risks and, except for the E-Shelter Borrower and the Fortezza Borrower, third party risks.

Should an uninsured loss or a loss in excess of insured limits occur at or in relation to a Property, a Borrower and therefore potentially the Issuer, could suffer disruption of income from the Property, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Property. No assurance can be made as to the continuing availability of terrorism or climate change related damage insurance (if any). In addition, the Borrowers and the Issuer are relying on the creditworthiness of the insurers providing insurance with respect to the Property and the continuing availability of insurance to cover the required risks, in respect of neither of which assurances can be made. See further "*The Loans – Insurance*".

Uninsured Risk. Covenants given by the Borrowers require them to obtain and maintain adequate insurance with respect to the Properties or, in the case of the Italian Borrower, its business and assets. There are, however, certain types of losses (such as losses resulting from wars, terrorism, nuclear radiation, radioactive contamination, heave, settling of structures or severe storm or floods etc.) which may be or become either uninsurable or not economically insurable, or are otherwise not covered by the required insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. A Borrower's ability to repay the Loan may be affected adversely if such an uninsured or uninsurable loss were to occur.

Limitations of Valuations. The valuations of the Properties were obtained at the time of the origination of the related Loan and there can be no assurance that the market value of the Properties will continue to equal or exceed such valuations. The valuations of the Properties express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. As the market value of the Properties fluctuates, there can be no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due on the Notes. If the Properties are sold following an event of default, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Notes. See further "*The Loans*".

Tenant Concentration. A deterioration in the financial condition of a tenant can be particularly significant if a Property is leased to a small number of tenants or a sole tenant. Properties leased to a small number of tenants or a sole tenant are also more susceptible to interruptions of cash flow if a tenant fails to renew its lease. This is so because: (i) the financial effect of the absence of rental income may be severe, (ii) more time may be required to re-lease the space, and (iii) substantial capital costs may need to be incurred to make the space appropriate for replacement tenants. Certain Swiss Properties, certain Bridge Properties, the Woolworth Boenen Property, the Tour Esplanade Property and the Fortezza Properties are exclusively or predominantly leased to one tenant or tenants in the same corporate group. Several Dutch Properties are leased to one to three tenants. Also, various Built Properties are leased to the same tenants.

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

Economic risks. The performance of the Properties will be dependent upon the strength of the local economies of the regions in which they are located and of the economy generally. The level of economic activity in general will affect net absorption of commercial and retail space and increases in rental rates. A weakening of the retail and business sectors in the relevant regions or in the relevant country generally may adversely affect demand for space at the Properties and thus affect each such Property's operation and lessen its market value. Conversely, strong economic conditions could lead to increased building and increased competition for tenants. In either case, the operation of the Properties could be adversely affected.

Other Factors Influencing Properties. Real estate property values and net operating income can be affected by various factors, including the volatility of property revenue and the operating leverage of a property, which generally refers to the percentage of total property operating expenses in relation to total property revenue, the breakdown of property operating expenses between those that are fixed and those that vary with revenue, and the level of capital expenditure required to maintain the property and retain or replace tenants. In respect of the multi-family properties, any statutory restrictions on rent increases will also affect operating income. The Loan to Value Ratio covenants in the Loan Agreements and debt service coverage covenants in all the Loan Agreements are designed to mitigate the risk of decline in market value and net operating income adversely affecting a Borrower's ability to meet its obligations under its Loan. However, there can be no assurance that these provisions will, in fact, enable the relevant Borrower to meet its obligations under its Loan at all times.

The market values and net operating income of the Properties may be adversely affected by a number of factors, including, but not limited to, local property market conditions (such as an oversupply of commercial or residential space, as the case may be), perceptions by prospective tenants and retailers of the safety, convenience, condition, services and attractiveness of the Properties, the proximity and availability of competing alternatives to the Properties, access to public transportation and major roads, the willingness and ability of the relevant Borrower to provide capable management and adequate maintenance of the Properties, demographic factors and unemployment rates (see for further criteria "*Borrower Default: Sufficiency of Borrowers' Assets*"). In addition, other factors may adversely affect the value of a Property without affecting its current net operating income, including changes in governmental regulations, fiscal policy or tax laws, potential environmental legislation or liabilities or other legal liabilities and the availability of refinancing.

The age, construction quality and design of a particular property may affect its occupancy levels as well as the rents that may be charged for individual leases. Over time, there may be a requirement for increased maintenance costs and necessary capital improvements in order to maintain a Property and to attract and satisfy major tenants. Also, the effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the property. Even good construction will deteriorate over time if adequate maintenance is not scheduled and performed in a timely fashion. If, during the term of a Loan, competing properties of a similar type are built in the area where a Property is located or similar properties in the vicinity of a Property are substantially updated and refurbished, the value and net operating income of such Property could be reduced.

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

89 per cent. of the E-Shelter Property by surface area have been developed to serve as data centres and it may be difficult to rent out areas for other purposes without significant modifications or at an adequate rent.

Commercial Property Lending Risk. 91.3 per cent. of the Loans based on the market value, are secured by commercial properties. Commercial mortgage lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of loans secured by income producing properties is typically dependent upon the value and successful operation of the related property.

Particular Risks Relating to Office Properties. 38.99 per cent. of the Loans, based on the net lettable area, are secured by office properties. The income from and market value of an office property, and a Borrower's ability to meet its obligations under a Loan secured by an office property, are subject to a number of risks. In particular, a given property's age, condition, design, access to transportation and ability to offer certain amenities to tenants, including sophisticated building systems (such as fibre-optic cables, satellite communications or other base building technological features) all affect the ability of such Property to compete against other office properties in the area in attracting and retaining tenants. Other important factors that affect the ability of an office property to attract or retain tenants include the quality of a building's existing tenants, the quality of the building's property manager, the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients, access to public transportation and major roads and the public perception of safety in the surrounding neighbourhood. Attracting and retaining tenants often involves refitting, repairing or making improvements to office space to accommodate the type of business conducted by prospective tenants or a change in the type of business conducted by existing major tenants. Such refitting, repairing or improvements are often more costly for office properties than for other property types.

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

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

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

Discrepancy between the existing net floor surface area and the authorized net floor surface area of the Tour Esplanade Property. The due diligence undertaken at the time the Tour Esplanade Loan was originated reveals a discrepancy between the existing net floor surface area and the authorized net floor surface area. The existing net floor surface area exceeds the net floor surface area authorized by the building permit by 2,688.70 square metres. However, the due diligence reveals that a compliance certificate has been issued by the local authorities. The delivery of such compliance certificate seems inconsistent with the discrepancy noted in net floor surface areas.

The creation of net floor areas without a building permit constitutes a criminal offence punishable, *inter alia*, by a demolition order. However, the demolition of the building, which may be claimed by third parties, is statute-barred after a ten-year period as from the date of completion of the works. Therefore, this action is statute-barred on the date of this Prospectus.

If the building is destroyed as a result of a disaster, the right to rebuild the building as it stood may only be exercised provided that the lawful nature of the initial construction of the building can not be challenged. Therefore, such right to rebuild shall be subject to the net floor surface area authorized pursuant to the initial building permits and not the existing net floor surface area. Although the insurance currently in place covers the entire Tour Esplanade Property, if the property were to collapse or be destroyed, it could only be rebuilt to the extent authorised in the initial building permit, and not to its current extent. A guarantee of €17.5 million has been put in place in order to cover the loss in value to the building in such a situation.

It should also be noted that, in the context of any request for a building permit, pursuant to a recent reform of the French *Code de l'urbanisme* dated 13 July 2006 which applies to any building which has been completed for more than ten years, and which does not conform to the initial building permit, the French administration cannot impose the carrying out of remediation work as a condition to the issue of such new building permit.

However, some legal authors consider that the surface area of a construction that exceeds the authorized net floor surface area has been built without a permit (as opposed to not conforming to its initial building permit). Therefore, in the case of the Tour Esplanade Property, the French administration may be entitled to set as a condition to the issue of any new building permit that an additional building permit be filed to carry out remediation works to remedy the unlawful situation.

3. CONSIDERATIONS RELATED TO THE RELEVANT JURISDICTIONS

3.1 Germany

Title to Real Property Rights. All German Properties are freehold properties except for the Grazer Damm 2 Properties, one Built Property and one Bridge Property being hereditary building rights (*Erbbaurechte*). See section "*Considerations related to the Relevant Jurisdiction" - "Germany*", "*Hereditary Building Rights*". The relevant Bridge Borrower also purchased title to the corresponding freehold property. One Thunderbird Property is a freehold property but divided into condominium units (*Wohnungseigentum*) and the Grazer Damm 2 Properties shall also be split into condominium units with a statutory pre-emption right (*Vorkaufsrecht*) of tenants applying if the condominium structure has been established subsequently to the relevant leases. Tenants of the Thunderbird Property have exercised their pre-emption rights but the respective proceeds of the Thunderbird Loan have already been repaid from the relevant trust account. Condominium structures in particular may lead to an additional administrative burden and any pre-emption rights may delay a sale of the relevant units.

As at the date of this Prospectus, legal ownership has been obtained by the relevant Borrower under the German Loans in relation to the E-Shelter Property, the Woolworth Boenen Property, all Built Properties, all Grazer Damm 2 Properties, all Bridge Properties, all Firebird Properties, several Falcon Crest Properties and several Thunderbird Properties. In relation to the remaining German Properties, the relevant Borrowers are not yet registered in the relevant land registers and will not become legal owners of such German Properties on the Closing Date as legal ownership will only pass to the relevant Borrowers once they are registered in the relevant land register. In relation to the six Thunderbird Properties, priority notices of conveyance (*Auflassungsvormerkungen*) securing the relevant Borrower's claims to transfer of title have been registered in the relevant land registers. Furthermore, a notary confirmed that in relation to the remaining Thunderbird Properties registration of priority notices of conveyance had been applied for and that in relation to the remaining Falcon Crest Properties applications for registration of the Borrowers as property owners had been filed with the land registries. The acquisition of six properties which initially were secured to the Thunderbird Loans was not finally completed, however, monies deposited in trust accounts from the proceeds of the Thunderbird Loan were repaid. In relation to one remaining Thunderbird Property a condition precedent for the transfer is not yet met as a release document has not been issued. However, under the relevant sale and purchase agreement, the vendor is obliged to ensure that the document is made available. See "*Considerations related to the Relevant Jurisdiction - Germany - Senior Ranking Encumbrances*" and " - *Subsidised Properties*".

Mortgage Registration. As at the date of this Prospectus, the relevant German mortgages over the relevant German Properties (the "German Mortgages") over the E-Shelter Property, the Woolworth Boenen Property, the Bridge Properties, the Firebird Properties, the Grazer Damm 2 Properties and the Built Properties and several Falcon Crest Properties were registered first ranking in section III of the land registers. The relevant German Mortgages over the remaining Falcon Crest Properties and various Thunderbird Properties are in part not yet registered and in part registered but not necessarily as first ranking as the process of deletion of existing mortgages has not been completed. For German Properties in relation to which German Mortgages have not been registered, a notary has confirmed that he has applied for registration of relevant German Mortgages. In relation to the Grazer Damm 2 Properties, a German Mortgage over the freehold interest relating to the Grazer Damm 2 Properties has been granted which will have to be deleted in due course when the German Mortgage over the hereditary building right forming the Grazer Damm 2 Properties has been registered. For German Mortgages which are certificated mortgages (*Briefgrundschulden*) either the relevant Security Agent or its counsel on its behalf are holding the mortgage certificate or are entitled to receive such document from the land registries upon the certificate being issued. Possession of the land charge certificate is required for enforcement and transfer of the relevant German Mortgages.

Generally, where existing mortgages which rank or would rank senior to the German Mortgages after their registration are still registered in the land registers, deletion has been applied for or the relevant notary has confirmed that he has been provided with the documentation for the deletion of the existing mortgages and has filed the relevant deletion applications or is instructed to do so upon repayment of the debt secured by the relevant mortgages. Such repayment has been or will be made from the proceeds under the relevant Loan. In relation to one Thunderbird Property, a mortgage in an amount of €356,830.60 securing subsidised debt is ranking senior to the relevant German Mortgage which will only be deleted or rank junior under certain conditions. See "*Considerations Related to the Relevant Jurisdictions - Germany - Subsidised Debt*" below.

Obstacles to Enforcement of Mortgages under German Law. Notwithstanding the registration of German Mortgages in the land register and the availability of the mortgage certificate in case of certified mortgages, when a mortgage secures loans granted for the acquisition of properties, (which is the case for all the German Mortgages except in respect of the E-Shelter Loan) it cannot be enforced as long as the purchase price has not been paid to the seller of the property which is subject to such mortgage. Such release is outstanding in relation to one Thunderbird Property for an amount of €546,000.

Hereditary Building Rights. A hereditary building right (the "**HBR**") is a right created under a hereditary building right agreement ("**HBR Agreement**") by the holder of the freehold title to a real property (the "**Real Estate Owner**") for the benefit of itself or a third party (the "**HBR Holder**") by registration in the relevant land register. The HBR Holder obtains the right to maintain a building on or below the surface of the relevant freehold property against payment of a non-recurring or periodic hereditary building right interest payment to the Real Estate Owner. Such payment obligation has been registered as a charge over the relevant freehold interest relating to the Built Property and the Grazer Damm 2 Properties, in each case ranking senior to the relevant German Mortgages. In addition, the pre-emption rights for the Real Estate Owner in relation to the HBR have been registered. See "*Senior Ranking Encumbrances*" above. The Grazer Damm 2 Borrower has accepted immediate enforcement into all of its assets with respect to all payment obligations under the HBR Agreement. The HBR Agreement may also provide for a number of obligations such as an obligation to erect and maintain the relevant building, to insure the building, to pay public charges attaching to the real estate, pre-emption rights and other obligations attaching to the HBR which may be registered in the land registry and would be obligations of each current or future HBR Holder.

The HBRs forming the Grazer Damm 2 Properties have been created for a period of 99 years as of registration (which happened in 2006/2007) and the relevant HBR for the Built Property has been created for a period of 99 years, the remaining term in each case being at least 98 years. In principle, HBRs cannot unilaterally be terminated by the Real Estate Owner prior to the end of the term of the HBR, but the HBR Agreement may provide that it is to be retransferred by the HBR Holder to the Real Estate Owner upon the occurrence of certain predefined events such as certain insolvency events or non-compliance with specific provisions under the relevant HBR Agreement

(*Heimfallanspruch*). The obligation of the Real Estate Owner to re-grant the right agreed in the HBR Agreement for the Grazer Damm 2 Properties may not survive insolvency scenarios or certain enforcement procedures. An HBR Agreement normally provides that, compensation is payable upon the occurrence of such retransfer to the Real Estate Owner or upon the termination of the HBR and upon the expiry of the term of the HBR. If the HBR Agreement does not provide for an explicit compensation scheme, the HBR Holder will have a statutory right to receive an appropriate (*angemessene*) compensation for the building. The amount basically depends on the value of the building, the realisation value of the HBR and the value of the right to use the land for the Real Estate Owner at the time of reversion (*Heimfall*) or expiry of term. In lieu of paying compensation to the HBR Holder upon expiry of the term of the HBR, the Real Estate Owner may, prior to the termination of such right, grant the HBR Holder an HBR for the whole period the building is likely to exist on the land (*Standdauer*). If the HBR Holder refuses to accept such an extension of the HBR, it would lose its compensation claim.

Any sale of the Grazer Damm 2 Properties and the relevant Built Property is subject to the freehold property owner's consent which, however, has to be granted under certain conditions. The consents required for the creation of the German Mortgages have been granted to the extent necessary. In order to enforce a mortgage granted over an HBR by way of compulsory sale (*Zwangsversteigerung*) of the relevant HBR, the additional consent to such enforcement by way of compulsory sale will need to be obtained from the relevant Real Estate Owner if the HBR Agreement requires the consent of the Real Estate Owner to a sale of the HBR. The absence of such consent to a sale of the HBR or the enforcement by way of compulsory sale can result in a delay of several months in the enforcement process in respect of the relevant HBR and may in some circumstances prevent the sale or the enforcement altogether, unless a court judgement is obtained. Upon application by, in case of a sale, the HBR Holder or, in case of an enforcement, the relevant mortgage beneficiary, the court will make such order if it can be established that the consent is withheld without good cause as, among other things, the contemplated acquirer of the HBR is reliable and able and willing to comply with the obligations arising from the HBR.

Senior Ranking Encumbrances. In various instances encumbrances registered in section II of the land registers (*Abteilung II der Grundbücher*) rank ahead of and are permitted to rank ahead of the German Mortgages. Most of these encumbrances are not uncommon for real estate such as the German Properties and should normally not have an adverse effect on the use or the value of the relevant German Properties and the relevant German Mortgages. Many of them are limited personal easements (*beschränkte persönliche Dienstbarkeiten*) or land easements (*Grunddienstbarkeiten*) securing the right of a third party or the respective owner of other real estate to use the relevant German Property in certain respects for example to have, maintain and use certain installations such as pipeline or to use way leaves or to request that certain uses are not carried out on the encumbered real estate. However, the assessment of the impact in the Legal Due Diligence Reports has generally been based on limited information available from the land registers and no review of the actual impact has been carried out.

The E-Shelter Property and the Woolworth Boenen Property are encumbered with personal limited easements securing tenants' rights to use the relevant property. A tenant of areas forming part of a Bridge Property is entitled to claim registration of a permanent right to use from the relevant Bridge Borrower. Such rights are in particular created to protect a tenant's position in the event of an enforced sale where a purchaser would be entitled to terminate the relevant lease prematurely. Depending on the economic conditions of the lease agreement, the easement may have an effect on the purchase price which can be achieved in an enforced sale. Deletion of the easement requires the tenants' consent, which may, if not granted, only become available after a time-consuming process. Until deletion the property owner would formally still be under an obligation to permit the beneficiary to use the property. For any period during which the beneficiary of the easement uses the German Property without a lease being in place, the relevant Borrower would be entitled to receive compensation, the amount of which may be lower than the rent agreed. In relation to the E-Shelter Property and one of the Bridge Properties, the relevant Finance Parties have agreed to accept further senior ranking tenant easements which, in the case of the E-Shelter Property, comply with a standard defined in the E-Shelter Loan. One Thunderbird Property is encumbered with the right of an individual to live in the relevant property for the rest of his live. However, the relevant German Mortgage is ranking senior to this right in an amount of €20,000,000 (being not more than the

current value) so that in case of an enforced sale the relevant claims would be satisfied in such amount before any sums have to be paid to the beneficiary of the relevant right.

One of the Bridge Properties is encumbered with senior ranking easements for ground rents (*Reallasten*). The easements secure third party payment claims under agreements in place with owners of adjacent properties which had to be assumed by the relevant Bridge Borrower and such claims will be satisfied with priority. The exact scope of the secured claims and the amounts involved have not been analysed in the relevant Legal Due Diligence Report.

Another Bridge Property is encumbered with a priority notice for the benefit of Arcor AG & Co. KG concerning a partial area of 11,840 square metres which the beneficiary, subject to further restrictions, may acquire after 1 October 2022 against payment of a purchase price which is essentially calculated in accordance with the market value. Upon transfer of the partial area to the new owner, the relevant German Mortgage will be deleted from the land register. According to the Bridge Loan Agreement, the encumbrance is only permitted to rank senior to the relevant German Mortgage until 31 March 2007, such period may be extended by the relevant parties to the Bridge Loan Agreement, e.g. until 30 April 2007. The relevant Security Agent has accepted that, upon the sale of the relevant Bridge Property, it will ensure that the priority notice will not be deleted from the land register and any purchaser will acquire such property encumbered with the priority notice. Arcor AG & Co. KG has also been granted a pre-emption right which, however, has been waived in relation to the transfer to the relevant Borrower. In relation to the Grazer Damm 2 Properties, German Real Estate Opportunity GmbH & CO KG has been granted a pre-emption right which, however, was not applicable with respect to the transfer to the relevant Borrower. A Falcon Crest Property is encumbered with a priority notice of conveyance for a third party that relates to a partial area not considered to be material.

The Grazer Damm 2 Properties and the Built Property are hereditary building rights and are encumbered with charges ranking senior to the relevant German Mortgages securing the right of the corresponding freehold property owner's claim to receive the hereditary building right interest payment and with pre-emption rights for the benefit of the freehold property owner (*Erbbauzins*). See "*Hereditary Building Rights*" below.

Mining Claims. The Woolworth Boenen Property is located in a mining area. According to federal mining regulations a mining company may in principle request that the title to the property is transferred to it for mining purposes against compensation. However, this would require that such transfer is required for the common welfare and further prerequisites are met. The Woolworth Boenen Borrower would also receive compensation in the amount of the market value of the property. Upon assignment of the property to the new owner the Woolworth Boenen Mortgage would cease to exist unless the assignee decides to assume the mortgage. The relevant Security Agent as mortgage beneficiary would be entitled to receive compensation out of the compensation paid to the Woolworth Boenen Borrower.

Public Building Charges. Various German Properties are encumbered with public building charges (*Baulasten*) created under public building law regulations. Such encumbrances may significantly limit the relevant German Borrowers right to make use of the relevant German Property. In particular, building charges may stipulate that properties which are legally separate are considered as one property for building law purposes (i.e. the owner's ability to develop the properties separately is limited), certain areas have to be kept free of buildings (*Abstandsflächengebot*) or, available for escape routes, constructions limitations apply or a number of parking lots have to be available for adjacent properties.

Agreements with Owners of Adjacent Properties, Municipalities or other Third Parties. In relation to several German Properties agreements with municipalities, neighbours, utility companies or other third parties were disclosed which the relevant Borrower had to assume in accordance with the relevant sale and purchase agreement for the acquisition of the relevant German Property. Such agreements may contain the obligation to grant further rights (e.g. rights of way, pipeline rights) which may need to be registered in the relevant land registers or the relevant Borrower accepted certain limitations or covenants in relation to its German Property. In some cases, the relevant

German Borrowers have undertaken to procure that such encumbrances rank senior to the relevant German Mortgages.

In many instances, the Legal Due Diligence Reports do not contain a detailed analysis of such arrangements and the costs and liabilities a Borrower might incur. Under one agreement with an authority, the relevant Bridge Borrower has undertaken to maintain and operate installations and to safeguard traffic at its own expense. In relation to a Thunderbird Property, the Federal State of Berlin has a contractual pre-emption right which shall be deleted in the course of the acquisition by the relevant Thunderbird Borrower. The relevant Thunderbird Borrower has to ensure that 51 per cent. of the lettable area of the relevant property is used for health and social purposes and, in addition, the sale and generally the letting require the prior written consent of the Land of Berlin. Non-compliance is sanctioned by a significant contractual penalty and the obligations remain in place until 25 March 2014. The restrictions may affect the relevant Borrowers ability to use the relevant German Property and its value.

Non-recoverable Ancillary Charges. The Borrowers may not be able to recover costs incurred in relation to German Properties from the tenants. As a tenant is not obliged to bear any costs if this has not been explicitly agreed, a Borrower may not recover certain costs incurred by it in relation to the property if such costs are not explicitly and validly allocated to the tenant in the relevant lease agreement. Restrictions may in particular apply to clauses being general terms and conditions. In particular in relation to residential lease agreements the landlords' ability to pass on certain ancillary costs to the tenant is also limited by statutory provisions.

Various lease agreements refer to certain types of costs being chargeable to the tenant which may not cover all types of costs incurred and may in particular not include costs such as taxes, insurance premiums. In exceptional cases, no costs are to be borne by the relevant tenants. Also, where a lease contains a general reference stating that a tenant has to bear all costs or any costs not explicitly listed or only applicable in the future or where references to costs are not sufficiently precise, such provision would not be regarded as valid.

According to a recent decision by the German Federal Court of Justice (*Bundesgerichtshof*), a landlord may only burden a tenant of a commercial property with costs of management and property administration and of maintenance and repair of common areas or facilities in general terms and conditions if the costs are capped. As various lease agreements do not contain such caps, the corresponding costs can be recovered from the tenant. Under various lease agreements, the relevant Borrower may also be in a position not to be reimbursed for costs of maintenance and repairs of common areas or installations by the tenants. Costs for maintenance and repair and management and property administration cannot be passed on to residential tenants. See "*Repairing Obligations*" below.

If any costs are not chargeable to a tenant under the relevant lease agreement, the tenant may also be entitled to claim repayment costs paid by it in the past.

Early Termination of German Leases due to Defects with Regard to the Requirements of Written Form. Lease agreements with a term exceeding one year are subject to the requirements of written form under Section 550 of the German Civil Code (*Bürgerliches Gesetzbuch*). If the parties of the lease agreement do not observe the statutory requirements of written form, then the lease agreement is deemed to be entered into for an indefinite period of time and can be terminated with six months prior notice with effect as per the end of a calendar quarter. Therefore, a lease may be terminated early despite an originally agreed fixed lease term of several years. As a result, also long-term lease agreements which would (if not terminated) generate a steady rental income may be terminated early. Financial losses due to vacancy periods may be incurred as a consequence. In respect of the E-Shelter Property, Bridge Properties, Falcon Crest Properties, Firebird Properties, Thunderbird Mortgages Properties and the Built Properties indications for the non-compliance of leases have been identified and it cannot be excluded that tenants have a right to terminate their leases prematurely.

Among the written form defects in relation to the German Properties in particular instances have been identified where not all arrangements between the parties have been agreed in a formal

written lease agreement or a formal addendum thereto. In this respect, written form in particular requires that all material agreements in particular relating to the lease object, the rent and the term, are comprised in the document, the document is signed by the parties, the document is firmly bound or it is otherwise apparent that all components form one document and, in relation to any amendments, any addendum has to contain a reference to the lease agreement and all preceding addenda. Furthermore, in a number of other instances the dates of signing of the lease agreements show significant time differences. Although this has been common practice in Germany, a few German courts take the view that time differences of more than two weeks could constitute a written form defect. To date, there is no jurisprudence from the German Federal Court of Justice (*Bundesgerichtshof*) on this question. It cannot be ruled out that even a shorter period for compliance will be required. As the originals of the lease agreements were not subject to the legal due diligence it can also not be ruled out that further written form defects exist which would only be apparent form the originals.

Regularly, the termination right is not relevant for residential lease agreements as they are usually concluded for an indefinite period. Therefore, the potential risk for the residential leases in place in relation to the Grazer Damm 2 Properties, the Firebird Properties and the Falcon Crest Properties is considered to be low. However, such residential leases may generally be terminated by the tenant at short notice in accordance with statutory provisions in any case.

Risks Relating to Residential Properties. The Grazer Damm 2 Properties, Falcon Crest Properties, Thunderbird Property and Firebird Properties are at least partly used and rented out for residential purposes representing 18.5 per cent. of the annual net rent turnover. The value of a residential property is significantly affected by the quality of the tenants as well as fundamental aspects of the residential property, such as location and market demographics.

In particular, a Borrower's ability to service payment obligations in respect of the relevant Loan is likely to depend on the Borrower's ability to let the relevant properties on appropriate terms. There can be no assurance that the term of any tenancy which is granted will match the term of the Loan and/or that the rental income achievable from tenancies of the relevant property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's payment obligations in respect of the Loan.

The collectability of amounts due in respect of residential properties is subject to credit, liquidity and interest rate risks. Such collectability will generally fluctuate in response to, among other things, general economic conditions, mobility of home occupants, changes in laws, inflation, the availability of financing, political developments, government policies, the financial standing of tenants and other similar factors. Other factors (which may not affect real estate values) may have an impact on the ability of tenants to pay under their leases. Loss of earnings, illness, divorce and other similar factors may lead to an increase in defaults and bankruptcy filings by tenants and could ultimately have an adverse impact on the ability of tenants to pay under their leases.

In addition, in the event of enforcement against a Borrower, the ability to dispose of a residential property at a price sufficient to repay the amounts outstanding under the relevant Loan will depend upon a number of factors, including the availability of buyers, the value of the property and residential property values in general at that time.

Under German law, landlords are restricted in their ability to increase rents and, where increases are permissible under German law, landlords are further restricted in relation to the amount of such increases and the rate of increase of rent for unsubsidised residential properties is capped at 20 per cent. over any three year period. Restrictions also apply to increases following property improvements. There are further restrictions in relation to subsidised properties (see also "*Subsidised Properties*" below).

A landlord cannot terminate a lease unless it has a legally valid reason for doing so and has complied with certain notice periods and other requirements, as the case may be, e.g. a landlord may be prohibited from terminating a lease entered into for an indefinite period of time in circumstances where a termination would inflict undue hardship on the tenant ("social clause" - *Sozialklausel*). Immediate termination of a lease is only possible in the case of an immediate termination right of the

landlord. In the event that a tenant is in default with rental payments, certain restrictions on termination rights (for example, minimum notice periods and social protection provisions) under German law could prohibit recovery of possession of the relevant property.

In addition, the sale and purchase agreement for the acquisition of the Grazer Damm 2 Properties includes some restrictions the relevant Borrower has to comply with. Any rent increase must observe the official list comparing recommended rental rates (*Mietspiegel*), the Borrower is prevented from luxury modernisations, has to observe limitations applicable due to public funding and shall not terminate a lease due to own need (*Eigenbedarf*) or for the purpose of marketing in a commercially adequate manner (*wirtschaftliche Verwertung*).

Such restrictions in relation to rent increases and termination rights could cause a Borrower to experience delays in recovering rent due to it which may, in turn, affect its ability to meet its obligations under the relevant Loan. This could restrict the full economic value of the relevant German Property and may lead to economic losses, which in turn may adversely affect the Borrower's ability to repay its indebtedness.

See paragraph "*Early Termination of German Leases due to Defects with Regard to the Requirements of Written Form*" above.

Subsidised Properties. None of the German Properties other than one Thunderbird Property is currently subsidised. Apartments that are publicly funded are regularly subject to the German Controlled Tenancies Act (*Wohnungsbindungsgesetz*) and, therefore, in particular the ability to increase rents is restricted. The restrictions imposed by the German Controlled Tenancies Act may continue for several years after the period of public funding has lapsed. The subsidy granted in relation to the relevant Thunderbird Property is secured by a senior ranking mortgage in the amount of €356,830.60. According to the relevant sale and purchase agreement, the relevant creditor indicated to be willing to release its mortgages except for 1 per cent. and to accept that the relevant German Mortgage ranks senior if 99 per cent. of the secured debt is being repaid and a bank guarantee is provided to secure repayment of the remaining 1 per cent.. The process has not been completed. In relation to the Grazer Damm 2 Loan, a template lease agreement reviewed refers to modernisation works which may lead to limitations still applying.

Repairing Obligations. To enhance the attractiveness of the premises for the prospective tenant, landlords often agree to pay for the completion/fit out of the leased premises. Furthermore, the landlords may face statutory or contractual repairing obligations for the German Properties. German civil law in principle obliges the landlord to maintain the leased premises in proper letting condition. The costs related to such obligations cannot always be recovered or cannot be fully recovered from tenants (or insurances), and would then have to be paid by the Borrowers.

Many commercial lease agreements oblige the tenants to carry out and/or pay for maintenance and repair of the relevant lease objects to which the tenant has exclusive access. Generally, such obligation has to be limited to parts of the lease object other than roof and structure (*Dach und Fach*) if the tenant does not lease an entire building. The lease for the Woolworth Boenen Property explicitly limits this obligation to the first 12 months of the lease whereas the relevant Borrower will be responsible for any later period. Certain courts considered clauses relating to objects other than entire properties only to be valid, if the tenants' obligation is limited to a certain amounts per event and a certain portion of the annual rent for all costs per annum if the tenants' obligation is part of general terms and conditions. As many lease agreements in relation to the German Properties do not contain such limitations, there is the risk that the landlord has to carry out maintenance and repair of the lease objects at its own costs.

Residential leases frequently contain a sufficient restriction which limits the tenants' obligation to minor maintenance and repairs but, however, various lease may not contain a valid obligation of the tenant. In particular for older lease agreement it is not uncommon that the tenants are not obliged to carry out maintenance and repair or are not obliged to pay for it. Also in such cases the Borrowers' ability to get recover costs is limited.

Under a residential or a commercial lease agreement in Germany, the tenant may be obliged to carry out certain decorative repairs during or at the end of the term of the lease. Such provisions must, however, comply with certain requirements determined by the German Federal Court of Justice (*Bundesgerichtshof*) which has ruled that lease agreements may not provide for fixed dates for decorative repairs but must consider the factual degree of wear and tear. In addition, an obligation of the tenant contained in general business terms and conditions to carry out decorative repairs at the end of the term of a lease without taking into consideration the time when such repairs have been carried out during the term of the lease may be invalid. In this case, also the obligation of the tenant to carry out decorative repairs during the term of the lease agreement might also be invalid. The same applies to obligations of the tenant to carry out maintenance and repair work. As a result, the landlord would have to carry out decorative repairs at its own expense. In many instances clauses contained in commercial and residential lease agreements are not valid and the tenants are not legally obliged to carry out any decorative repairs.

In addition, maintenance and ancillary costs will only be borne by the tenant if validly agreed upon in the respective lease agreement. See "*Non-recoverable Ancillary Charges*" above.

Rent Arrears and Law Suits. In relation to certain tenants of German Properties the Legal Due Diligence Report for the Falcon Crest Properties and the Bridge Properties refers to rent arrears which may involve considerable amounts in relation to certain tenants, whereas for other German Properties the Legal Due Diligence Reports do not contain any such references (except in connection with pending law suits). However, such rent arrears may indicate that there is a risk that the tenants are not able to or will not pay their rent after the relevant Borrowers have become beneficial owners of the relevant German Properties. This may affect the Borrowers' ability to fulfil its payment obligations under the relevant Loans.

Some Legal Due Diligence Reports contain references to disputes and lawsuits on leases and other issues relating to the relevant German Properties in which the sellers of such properties were involved, however, each Borrower has represented under its Loan that no such disputes or law suits exist which would have a material adverse affect on the Borrower's ability to fulfil its obligations under the Loan. It cannot always be established whether the relevant Borrowers are involved in such law suit and have to continue them instead of the vendors under the relevant property sale and purchase agreements or otherwise.

Monument Protection. This means that external alterations and refurbishments are more difficult to carry out, certain restrictions may apply as to future use of such German Properties and the owner may be under an obligation to undertake certain preservation measures at its own expense. Provided that no material alterations are planned the listing as a public monument may not adversely affect the Borrower's liability to repay the loan in this respect. In addition, authorities may have a pre-emption right in case the protected property is sold. See "*Risks relating to the Properties*", "*Pre-Emption Rights of Municipalities and other Authorities*". One Bridge Property, a Grazer Damm 2 Property and several Falcon Crest Properties are subject to monument protection (*Denkmalschutz*) or located in a protected area whereas in relation to other German Properties the relevant Legal Due Diligence Reports do not mention or cover monument protection issues.

Registers of Contaminated Sites and Contamination and Environmental and Structural Issues. German authorities maintain registers of abandoned industrial sites (Altstandorte) or potentially contaminated areas (Altlastenverdachtsflächen). Basically, the register reflects the information on the environmental condition available to the authority. Registration in the register does not necessarily imply that measures are legally required but also the fact that a site is not registered does not indicate that no adverse situation exists or might exist. Whereas in relation to the Grazer Damm 2 Property no information is available as to whether it is registered, the E-Shelter Property, certain Falcon Crest Properties, Firebird Properties, Thunderbird Properties, Built Properties, a Bridge Property and the Woolworth Boenen Property are registered.

The legal due diligence reports and environmental and structural surveys in relation to certain German Properties refer to existing or potential environmental and/or structural issues. Additional costs may be incurred by the relevant Borrowers, including in circumstances where remediation or removal of contaminations, improvements, constructions, maintenance or repair measures may be or,

in certain cases, are required or restrictions may be or, in certain cases, are imposed on the use of the relevant German Property by the relevant authority. However, these costs have been considered by the respective Originator acting as a prudent lender when granting the loan and have been taken account of in the business plans and, to the extent applicable, capex facilities granted to the respective Borrower. Furthermore, the additional costs will not be incurred by the Borrowers immediately but include long term capex investments which will be made over a longer period of time. Tenants of a German Property would have the right to reduce their rents due to the issues described herein.

3.2 The Netherlands

Right of leasehold (erfpacht) in The Netherlands. Title to certain of the Dutch Properties is held under a right of leasehold (*erfpacht*). A right of leasehold will terminate, *inter alia*, as a result of expiration of the right of leasehold term (in case of lease for a fixed period), or termination of the right of leasehold by the leaseholder or the landowner. The landowner can terminate the right of leasehold if the leaseholder has not paid the ground rent (*canon*) agreed under the long lease for a period exceeding two consecutive years or seriously breaches other obligations under the right of leasehold. In case the right of leasehold ends, the landowner will have the obligation to compensate the leaseholder, such compensation to be calculated in accordance with the applicable rules of Netherlands law. In such event a mortgage right vested in a right of leasehold will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. The amount of the compensation will be determined by, amongst other things, the conditions of the right of leasehold and may be less than the market value of the right of leasehold. Furthermore, the alienation or encumbrance of a right of leasehold may be subject to approval by the owner. However, such approval would not be required in the event of a foreclosure of any security in respect of the relevant Dutch Property.

Right of superficies (opstalrecht) in The Netherlands. Title to certain of the Dutch Properties is held under a right of superficies (*opstalrecht*). The person holding a right of superficies does not have any ownership right in respect of the land but does give that person full ownership rights (until the expiry date of such right of superficies) in respect of the buildings located on that land. If a right of superficies is granted for a fixed period then it will automatically expire at the end of that period. In addition, if a person holds a right of superficies, then that person must comply with the terms and conditions of that right of superficies. Such terms and conditions could include the payment of fees (*retributie*). If that person fails to pay such fees for two consecutive years or seriously fails in the performance of its other obligations under such terms and conditions, the owner may be entitled to terminate that right of superficies. However, it is common for the fees payable in respect of a right of superficies to be bought off for a specific period of time. In case the right of superficies ends, the owner will have the obligation to compensate the holder of the right of superficies, such compensation to be calculated in accordance with the applicable rules of Netherlands law. In such event a mortgage right vested in a right of superficies will, by operation of law, be replaced by a right of pledge on the claim of the (former) holder of the right of superficies against the owner for such compensation. The amount of the compensation will be determined by, amongst other things, the conditions of the right of superficies and may be less than the market value of the right of superficies. Furthermore, the alienation or encumbrance of a right of superficies may be subject to approval by the owner. However, such approval would not be required in the event of a foreclosure of any security in respect of such property.

Association of property owners (vereniging van eigenaren). Under Netherlands law, a right of ownership, right of leasehold or a right of superficies can be divided into a number of apartment rights (*appartementsrechten*). An apartment right gives the holder of that right a share in the divided estate with the exclusive right to use certain parts of the property and a right to use the communal parts of the property. A holder of an apartment right is entitled to grant security (e.g. a mortgage) in respect of that apartment right located in The Netherlands.

The holders of apartment rights in any Dutch Property will, by operation of law, form an association of owners (*vereniging van eigenaren*). The holders of apartment rights usually pay a periodic amount to the association of owners as a contribution to, *inter alia*, the costs of insurance for the entire building. A potential disadvantage of an association of owners is that decisions with

respect to the entire property e.g. with respect to insurance or structural maintenance and improvements must be taken based on a vote by the members of the association of owners. Consequently, it is possible that decisions taken by the board of such association of owners may not be the same as if the Borrower had direct control of the relevant Dutch Property.

Financial Assistance. A private/public company with limited liability may not, with a view to the subscription or acquisition by third parties of shares in its share capital or depositary receipts thereof provide security (*zekerheid stellen*), grant loans (*leningen verstrekken*) provide guarantees (*koersgarantie geven*) or otherwise bind itself, whether jointly and severally or otherwise with or for third parties. This prohibition also applies to its subsidiaries.

Termination of leases and disputes relating to terminations. The leases in respect of the Dutch Properties may be terminated from time to time, subject to the termination provisions of such lease. In addition, according to the Legal Due Diligence Report relating to the Tresforte Properties, there is dispute between the former owner of such property and one of the tenants regarding the validity of a termination notice served by the tenant with respect to its lease agreement. A Borrower's ability to service payment obligations in respect of the Dutch Loans depends on, amongst other things, the relevant Borrower's ability to find new tenants in case of vacancy.

Soil surveys. According to the Legal Due Diligence Reports relating to both Dutch Loans, no complete soil contamination surveys have been performed in relation to certain Dutch Properties. It can therefore not be established with certainty that no soil contamination exists on the relevant sites. If such contamination would exist, the relevant Borrower may be liable for any costs and compensation for a contaminated site, thereby reducing its ability to make payments on under the relevant Dutch Loan. See further "*Risk Factors - Environmental Considerations*".

Bank Guarantees. According to the Legal Due Diligence Reports relating to both Dutch Loans, certain tenants of the Dutch Properties have not provided the bank guarantee that is required pursuant to the relevant lease agreement. The absence of such bank guarantees may adversely affect the income from the relevant Properties and thereby increase the possibility that the relevant Borrowers and any other obligors under the Dutch Loans secured by such Properties will be unable to meet their obligations under such Dutch Loans.

3.3 Switzerland

Insolvency. The Swiss SPV may be subject to insolvency proceedings in Switzerland in the same way as any other Swiss corporate entity. The obligations of the Swiss SPV in respect of the Swiss Unsecured Loans are unsecured and to that extent, in the event that the Swiss SPV did become subject to such proceedings, the Issuer, as lender of the Swiss Unsecured Loans, would have no more favourable a position than any other of the Swiss SPV' unsecured creditors. The Swiss SPV will have a number of other creditors.

However, the Swiss SPV has been established solely for the purpose of borrowing the Swiss Unsecured Loans and purchasing the Swiss Secured Loans and its activities are accordingly restricted. These limitations mitigate the possibility of it becoming subject to an insolvency proceeding, though this possibility cannot be excluded. Further, the creditors of the Swiss SPV who are party to transaction documents, are subject to limited recourse, subordination and non-petition covenants, all of which are enforceable, in the view of Swiss counsel, under Swiss law and which are intended to minimise the risk of the Swiss SPV becoming subject to an insolvency process. For further information about insolvency procedures in Switzerland see *"Considerations Related to the Relevant Jurisdictions - Switzerland - Insolvency."*

Taxation

Effective and constructive dividends. A 35 per cent. Swiss federal withholding tax is levied on effective or constructive dividend distributions made by a Swiss resident legal entity to its shareholders or any person related to its shareholders. Dividends distributed by the Swiss SPV will be subject to the 35 per cent. Swiss federal withholding tax.

In order to avoid interest payments made by the Swiss SPV on the Swiss Unsecured Loans being re-characterised as constructive dividend distributions triggering the 35 per cent. Swiss federal withholding tax, care must be taken that the Swiss SPV and its shareholders are and remain unrelated to the Issuer and its shareholder and, as a consequence thereof, that the Swiss thin capitalisation rules do not apply. There is no indication that the Swiss SPV (and its shareholders) and the Issuer (and its shareholders) are related parties for Swiss tax purposes.

In order to ensure that all or a portion of the interest paid by the Swiss SPV on the Swiss Unsecured Loans is not re-characterised as constructive dividends which cannot be deducted from the tax base for income tax purposes and that all or a portion of the funds received by the Swiss SPV from the Issuer under the Swiss Unsecured Loans may be considered as constructive equity for capital tax purposes, care must be taken that the Issuer and its shareholder are and remain unrelated to the Swiss SPV and its shareholders and, as a consequence thereof, that no such re-characterisations may occur. There is no indication that the Swiss SPV (and its shareholders) and the Issuer (and its shareholder) are related parties for Swiss tax purposes.

Collective debt fund raisings. A 35 per cent. Swiss federal withholding tax is levied on interest payments made on instruments of collective debt fund raisings issued by a Swiss resident legal entity or a foreign resident legal entity registered in a Swiss Register of Commerce. A Swiss federal issuance stamp duty of 0.12 per cent. per each full or partial year (in relation to "bonds" (*Anleihensobligationen*)) or 0.06 per cent. per each full or partial year (in relation to "cash debentures" (*Kassenobligationen*)) is triggered on the principal at the issuance of an instrument of collective debt fund raisings by a Swiss resident legal entity or a foreign resident legal entity registered in a Swiss Register of Commerce. A collective debt fund raising is given, if a Swiss resident legal entity or a foreign legal entity registered in a Swiss Register of Commerce is issuing (a) debt instruments (*Anleihensobligationen*) having identical terms and conditions to more than 10 non-bank creditors or (b) debt instruments, on a continuous basis, having different terms and conditions to more than 20 non-bank creditors (so-called "cash debentures" (*Kassenobligationen*)) and, in each of the two cases, the aggregate outstanding loan amount is at least CHF 500,000.

In order to prevent a collective debt fund raising, with the associated Swiss federal withholding tax and Swiss federal issuance stamp duty consequences, being given, care must be taken that the number of non-bank creditors to the Swiss SPV is restricted accordingly. Corresponding restrictions are in the Swiss Unsecured Loan Agreements and the Swiss Intercompany Loan Agreement.

Special federal and cantonal interest withholdings on mortgaged loans. Interest payments on loans secured by a mortgage, a mortgage note or other rights in rem on Swiss real estate are subject to a special federal and cantonal (state) withholding tax if such interest payments are made to a lender which is not a Swiss resident or is not maintaining a Swiss permanent establishment to which such interest payments are attributable. In general, the aggregate federal and cantonal special withholding tax rate is between 17 per cent. and 23 per cent. depending on the canton in which the relevant property is located. If the non-Swiss resident lender is eligible for the benefits of a double tax treaty concluded with Switzerland, such special interest withholding may be reduced at source to the applicable treaty rate or even eliminated.

Since the Swiss Secured Loans have been acquired by the Swiss SPV as a Swiss resident, and since the Swiss SPV has only unsecured debt obligations, no such tax should be payable.

Compulsory Purchase and Expropriation of Properties. Any property in Switzerland may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project. No such compulsory purchase proposals were, however, revealed in the course of the due diligence undertaken by the relevant Originator at the time of the origination of the Swiss Secured Loans.

Switzerland has its own legal rules relating to compulsory purchase of a property, providing a process pursuant to which a compulsory purchase of a property may occur. Under the legal rules applicable, the owners and occupiers of a property subject to a compulsory purchase proposal will be entitled to receive a market value based price for the property. In the context of the Swiss Properties, there can be no assurance, however, that the compulsory purchase price would be equal to the amount or portion of the Swiss Secured Loan secured upon such Swiss Property or that the compulsory purchase price would be paid prior to the scheduled maturity date of the Swiss Secured Loan. This could affect the ability of the affected Swiss Borrower to repay the principal of the relevant Swiss Secured Loan. Moreover, a compulsory purchase order in respect of a Swiss Property may have the effect of releasing the tenants thereof from their obligations to pay rent. In the context of the Swiss Properties, this could affect the ability of a Borrower to pay interest on the relevant Swiss Secured Loan by reducing the generation of rental income.

In Switzerland, there is often a delay between the compulsory purchase of a property and the payment of compensation in relation to such compulsory purchase. The length of time will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the market value of the affected property, or other means of determining the amount of compensation payable upon a compulsory purchase. Should such a delay occur in relation to a property, then, unless the affected Swiss Borrower has other funds available to it, an event of default may occur under the relevant Swiss Secured Loan Agreement. Following the payment of compensation, the affected Swiss Borrower will be required to prepay all or such part of the amounts owing by it under the relevant Swiss Secured Loan Agreement, as applicable, as is equivalent to the compensation payment received. The proceeds of any such prepayment will be paid, ultimately, to the Issuer and will be applied by the Issuer to redeem the Notes (or part thereof).

Level of Mortgage Notes under the Corvatsch Secured Loan. The mortgage notes encumbering each specific Corvatsch Property owned by a Corvatsch Borrower do not in all cases cover in full the loan amount allocated to such Corvatsch Borrower. As a consequence, in an enforcement scenario, there might be a shortfall recoverable by way of the enforcement of the mortgage notes in respect of the individual loan amount allocated to a particular Corvatsch Borrower, since such allocated loan amount might not be covered in value by the mortgage notes encumbering the related Corvatsch Property. However, in relation to, *inter alia*, any such shortfall the lender also has additional security by way of: (i) a pledge over the bank accounts of each of the Corvatsch Borrowers; and (ii) a share pledge over the shares of the Corvatsch Borrowers, and the lender is entitled to utilise any amounts recovered from the enforcement of such additional security to make up for any shortfall arising from the enforcement of the relevant mortgage notes against the relevant Corvatsch Borrower. It should also be noted in this regard that the relevant Corvatsch Borrowers have covenanted in the relevant Loan Agreements that any sale proceeds arising from the sale of any relevant Property will be deposited in the disposals account (which the lender has, as described above, a pledge over), and by this mechanism, the full amount of any sale proceeds should, upon the combined enforcement of the mortgage notes and the pledge over the relevant disposals account, be available to discharge the total liability then owing to the lender by the relevant borrower.

Potential Unavailability of Cross-Collateralisation under the Corvatsch Secured Loan. It should be noted that whilst the Corvatsch Secured Loan provides for full cross-collaterisation of all individual loans granted to each Corvatsch Borrower and the Related Security of the Corvatsch Borrowers, such cross collateralisation is only available to the extent legally permitted. As a result the assets of a Corvatsch Borrower will only be permitted to support the debt of another Corvatsch Borrower to the extent that such borrower has freely distributable reserves available for distribution (i.e. after taking into account all other required payments and obligations that such a Borrower may have, including without limitation the payment of any other indebtedness of such Borrower and any

taxes owed by such Borrower at such time) (in addition it should be noted that there is current uncertainty as to whether such distributable reserves should be judged as being available at the time of enforcement and/or origination of the relevant loan), it may therefore be the case (for example due to the then relevant economic situation of each Corvatsch Borrower) that no or limited cross collateralisation will be economically available at such time. It should also be noted that the lender has also the benefit of a share pledge over the shares of each Corvatsch Borrower and thus enforcement proceeds may also be achieved by way of the enforcement of the relevant share pledges over each Corvatsch Borrower and the sale of such shares to a third party.

Outstanding Additional Mortgage Note under the Corviglia Loan. Under the Corviglia Loan, an additional mortgage note of CHF 822,000 encumbering the Neuchatel Property has not been issued yet. The respective public deed has been registered with the competent Land Registry but physical delivery of the additional mortgage note is still pending. The public notary appointed in relation to the Corviglia Loan has undertaken to physically deliver this mortgage note, immediately upon receipt, directly to the Originator's Swiss legal counsel (as agent of the Originator or of any subsequent lender). The physical delivery of the outstanding mortgage notes is generally expected to occur within a matter of weeks. No assurance can be given, however, that such physical delivery will, in fact, occur within this timeframe or at all. Certain Swiss legal scholars and an old Swiss supreme court precedent claim that, in respect of mortgage notes in bearer form (*Inhaberschuldbriefe*), a lender only obtains a perfected mortgage security upon physical delivery of the relevant mortgage note. The predominant view of Swiss scholars, however, is that a mortgage security is validly created and existing upon registration of the relevant mortgage in the competent land registry.

Lack of additional legal due diligence at the time of origination. LCPI, as Originator, has had knowledge of the facts and history of the Swiss Properties as a result of previous investments and financing transactions since 2002. As a result, no, or very limited, additional due diligence was undertaken at the time of the origination of the current Swiss Secured Loans. In addition, due to the origination process undertaken in relation to the Swiss Secured Loans, no, or very limited, reliance may be available on the due diligence reports in relation to the Swiss Secured Loans. However, it should be noted that both LCPI (in its capacity as Originator of the Swiss Secured Loans) and LBF (in its capacity as Seller of the Swiss Secured Loans) have represented and warranted in the relevant Loan Sale Agreements that the information regarding each Swiss Secured Loan as set forth in this Prospectus is true, complete and accurate in all material respects as at the Closing Date.

Legal Liens. It should be noted that Swiss public authorities are entitled to impose a first ranking statutory mortgage on a property in cases of non-payment of certain real estate related taxes (capital gain taxes, transfer taxes) and/or fees. The registration of such a mortgage is, however, not a requirement for validity, as it is for any other mortgage. Further, first ranking legal liens are also available for certain creditors such as craftsmen (*Bauhandwerkerpfandrechte*) if they are not paid for their work on the relevant property. Such legal liens would have to be registered within three months after completion of the relevant works on the respective property.

As to the Corviglia Properties, no such evidence is available as to the payment of real estate transfer taxes, capital gain taxes, income or other taxes triggered, if any, on prior holdings or transfers for which a legal lien may be constituted if they remain unpaid. With respect to the taxes which fell due upon the transfer of the Corvatsch and Corviglia Properties, as to most of the Corvatsch and Corviglia Properties acquired evidence is available as to whether such taxes have been paid or sufficiently secured. As to the Cinedome Properties, evidence has been requested as to the payment or the provisioning of adequate security for the payment of taxes related to the acquisition of these Properties or prior holdings or transfers for which a legal lien may be constituted if they remain unpaid. As the Cinedome Properties have been acquired only recently, some confirmations are still pending at the moment.

Insurance. In respect of the Swiss Secured Whole Loans, the basis on which the properties are insured is in accordance with the amount at which the relevant canton valued the property rather than on a full reinstatement basis. The value placed on the relevant property by the relevant canton may be lower than the amount it would cost to reinstate that property. Under the Swiss Secured Loans, the Borrowers have covenanted to deposit any insurance proceeds to an insurance proceeds

account, which is pledged in favour of the Lender (although no formal security has been created in favour of the lender over such insurance claims of the Borrowers).

Duty of Care Agreement under the Corviglia Loan. Under the Corviglia Loan no duty of care agreement has been concluded. Accordingly, the lender will not have any recourse against the property manager under the Corviglia Loan. The property manager under the Corviglia Loan, however, has no control over the Corviglia rental accounts.

3.4 Italy

Considerations Related to the Italian Issuer

Liability for the Italian Notes. The Italian Issuer is the only entity responsible for making any payments on the Italian Notes. The Italian Notes are not obligations of, nor are they the responsibility of, and will not be guaranteed by any of the parties to the Transaction Documents or any other person (other than the Italian Issuer), or any company in the same group of companies as, or affiliated with, any of such parties (other than the Italian Issuer). No person other than the Italian Issuer will accept any liability whatsoever to the Italian Noteholders in respect of any failure by the Italian Issuer to pay any amount due under the Italian Notes.

Limited Recourse and Non-Petition. The Italian Issuer is a special purpose financing entity with no business operations other than the carrying out of securitisation transactions, including the issue of the Italian Notes, the purchase of the Italian Receivables, and the transactions ancillary thereto. Amounts received under the Italian Loan, the Italian Issuer Fee and funds standing to the credit of the Italian Transaction Account (together with any interest paid thereon and the proceeds of any Eligible Investments) are the only sources of funds available to make payments of interest on and repayment of principal of the Italian Notes. If such funds are insufficient, no other assets will be available to the Italian Noteholders for payment of the deficiency. Furthermore, no amount shall be due or payable by the Italian Issuer to the Italian Noteholders except to the extent that the Italian Issuer has sufficient funds to pay such amount in accordance with the relevant priority of payments.

Limited Enforcement Rights. The protection and exercise of the Italian Noteholders' rights against the Italian Issuer and the enforcement of the security under the Italian Notes are duties of the Italian Representative of the Noteholders. The terms and conditions of the Italian Notes limit the ability of individual holders of the Italian Notes to commence proceedings against the Italian Issuer.

Claims of Creditors of the Italian Issuer. By operation of the Italian Securitisation Law the right, title and interest of the Italian Issuer in and to the Italian Receivables will be segregated from all other assets of the Italian Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Italian Issuer pursuant to the Italian Securitisation Law) and amounts deriving therefrom will be available on a winding up of the Italian Issuer only to satisfy the obligations of the Italian Issuer to the Italian Noteholders and the other Italian Issuer Secured Creditors and to pay other costs of the Italian securitisation. Amounts derived from the Italian Receivables will not be available to any other creditors of the Issuer, even on a bankruptcy thereof. However, under Italian law, any other creditor of the Italian Issuer would be able to commence insolvency or winding up proceedings against the Italian Issuer in respect of any unpaid debt.

The corporate object of the Italian Issuer as contained in its by-laws *(statuto)* is limited and the Issuer will also agree to certain covenants in the Intercreditor Agreement and the Conditions restricting the activities that may be carried out by the Italian Issuer. To the extent that the Italian Issuer incurs expenses in connection with the Italian securitisation, the Italian Issuer will receive the Italian Issuer Fee from the Issuer and may use the funds standing to the credit of the Italian Transaction Account for the purposes of paying the ongoing fees, costs, expenses and taxes of the Italian Issuer to third parties in respect of the securitisation, its corporate expenses or taxes.

Further securitisations. The Italian Issuer may carry out separate securitisation transactions and purchase and securitise further portfolios of monetary claims in addition to the Italian Portfolio.

Under the Italian Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company that purchases the assets. On a winding up of such a company such assets will only be available to holders of the notes issued to finance the acquisition of the relevant assets and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of the notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Restriction on Italian Issuer's Ability to Hold Direct Interests in Property. The Italian Securitisation Law limits the types of assets that can be held by the Italian Issuer. The Italian Issuer will only be able to hold an interest in the Italian Receivables and will not be able to hold a direct interest in the Italian Properties. Such a limitation will require that the Italian Special Servicer, if it were to enforce upon the Loan in relation to the Italian Receivables, sell the related Italian Properties rather than hold them for any period of time. There can be no assurance that the Italian Issuer will not be required to enforce against a Italian Property at a time when it is unable to achieve an optimal sale price therefor. If such a situation should arise, the Italian Special Servicer will not have the ability to hold onto the Italian Property for any period of time and will instead be required to sell such Italian Property for the price available at the time of such sale.

At the date of this Prospectus such substitute tax is levied at the rate of 12.5 per cent, or such lower rate as may be applicable under the relevant double taxation treaty. The Italian Parliament may in the near future authorise the Italian Government to amend the tax regime of investment income, including income from the Notes, by increasing the tax rate to 20 per cent.

In the event that substitute tax is imposed in respect of payments to Italian Noteholders of amounts due pursuant to the Italian Notes, neither the Italian Issuer nor any other person will be obliged to gross-up or otherwise compensate the Italian Noteholders for the lesser amounts the Italian Noteholders will receive as a result of the imposition of substitute tax.

In the event that any Italian Notes are redeemed in whole or in part prior to the date which is eighteen months after the Closing Date, the Issuer will be obliged to pay an additional amount in Italy equal to 20 per cent of all interest and other proceeds accrued on such principal amount early repaid up to the relevant repayment date, according to Law Decree no. 323 of 20 June 1996.

Early Redemption of the Italian Notes. In the event that the Italian Notes are redeemed in whole or in part prior to 18 months from the Italian Issue Date, the Italian Issuer will be required to pay a tax under Italian law corresponding to an amount equal to 20 per cent. of the interest accrued on the early redeemed Italian Notes up to the time of such early redemption. As such, during the period between the Italian Issue Date and the Payment Date immediately following the falling 18 months plus one day after the Italian Issue Date any amount of principal received in respect of the Italian Loan may only be used to redeem the Italian Notes at the discretion of the Representative of the Italian Noteholders. The Italian Loan contains a restriction on the Italian Borrower to make voluntary prepayments of the Italian Loan within 18 months and two days of the relevant Utilisation Date. In the event that there is a mandatory prepayment or other payment of principal under any of the Italian Loan, or the Relevant Security is enforced, any amounts received or recovered in respect of principal during the period between the Italian Issue Date and the Payment Date immediately following the falling 18 months plus one day after the Italian Issue Date will, to the extent that the Representative of the Italian Noteholders has not allocated such amounts to redeem the Italian Notes, be deposited in the Italian Transaction Account until the expiry of such period and invested in Eligible Investments. The interest earned on amounts standing to the credit of the Italian Transaction Account will be applied as interest on the Italian Notes but is likely to be significantly less than the interest that would otherwise be due on the Italian Loan. In such circumstances, no assurance can be given that the Issuer will receive sufficient interest from the Loans (other than the

Italian Loan and the Swiss Secured Loans), the Swiss Unsecured Loans and the Italian Notes to pay interest due on the Notes and, in particular, the Class X Note.

Considerations Related to the Italian Properties/Claims

Loans' Performance. The recovery of amounts due in relation to defaulted Claims under the Italian Loan will be subject to the effectiveness of enforcement proceedings in respect of the Italian Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant debtor raises a defence to or counterclaim in the proceedings. Recovery proceeds may also be affected by, *inter alia*, a decline in property values.

Claw back of the assignment of the Italian Receivables. A transfer pursuant to the Italian Securitisation Law, including the transfer by Bankhaus Milan to the Italian Issuer, may be subject to legal action brought by a liquidator of the transferor to claw back such transfer. Such an action can be brought within 3 months following the transfer if the sale price was equal to or above market value, and (a) the transferor was insolvent at the time of the transfer and (b) the liquidator can prove that the transferee was, or ought to have been, aware of such insolvency. Such an action can be brought within 6 months following the transfer if the sale price was below market value, and (i) the transferor was insolvent at the time of the transfer and (ii) the transferee cannot prove that it was not, or ought not to have been, aware of such insolvency.

Non-Compliance with Data Protection Laws. A breach of data protection laws may trigger claims for compensation for losses suffered due to such infringement. It is possible that an infringement of data protection laws may result in a supervisory order forcing the entity in breach to comply with the laws. In addition to supervisory measures, data protection infringements may lead to civil and criminal penalties which include fines up to €50,000 in Italy. The Italian Master Servicer (and any Delegate Master Servicer on its behalf) will be required under the Servicing Agreement to service the Italian Loan in a manner that permits the Italian Issuer to remain in compliance with applicable data protection laws.

Compounding of Interest (Anatocismo) Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices (*usi*) to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice (*uso normativo*). However, a number of recent Italian court judgments (including the judgments from the Italian Supreme Court (*Corte di Cassazione*) no. 2374/99 and no. 2593/2003) have held that such practices may not be considered customary practice (*uso normativo*).

In this respect, it should be noted that article 25, paragraph 3, of Legislative Decree no. 342 of 4 August 1999 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law no. 142 of 19 February 1992 (the "**Legge Delega**") had considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to 19 October 1999, being the date on which it came into force, to be valid. Law no. 342 was challenged before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under the Legge Delega and, by decision no. 425 dated 9 October 2000 issued by the Italian Constitutional Court, article 25, paragraph 3, of Law no. 342 was declared as unconstitutional.

Notwithstanding the judgment of the Italian Constitutional Court, the capitalisation of accrued interest is still possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000.

However, a recent decision of the *Sezioni Unite* of the Italian Supreme Court (Cass. Sez. Un.,

no. 21095/2004) confirmed the interpretation according to which the capitalisation of accrued interest on a three monthly basis is not to be considered as customary practice and, moreover, expressly stated that such capitalisation is not valid even if made prior to the above described rulings of the Supreme Court which first stated the relevant principle in 1999.

Consequently if the Italian Borrower were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Italian Loan Agreements may be prejudiced.

Additional Indebtedness and Other Liabilities. The existence of indebtedness or other obligations incurred by the Italian Borrower other than the Italian Loan could adversely affect the financial viability of the Italian Borrower. Additional debt increases the likelihood that the Italian Borrower would lack the resources to perform on both the Italian Loan and any additional debt and, albeit that the Italian Loan has the benefit of specific security, any failure to perform by the Italian Borrower under any of its debts may lead to an enforcement scenario.

The Italian Loan Agreements provide only some limitations on the right of the Italian Borrower to incur additional debt, which is otherwise regulated by its rules (*regolamento del fondo*) as regards management of its assets.

Marketability of the Italian Properties Certain formalities with the competent land registry, cadastral office, tax registry office (*Ufficio del Registro*) or municipality, including obtaining a *certificato di agibilità e abitabilità*, the updating of the existing file with the competent cadastral office (*accatastamento*), including any cadastral division (*frazionamento catastale*) and/or the adoption of a millesimal chart (*tabella millesimale*) may be required by law to be fulfilled or may be requested to be fulfilled by potential purchasers in connection with the sale of any of the Italian Properties. Whilst the Fund Manager (as defined below) is in a position to fulfil all the legally required formalities in connection with any such sale, there can be no assurances that any additional compliance requested by potential purchasers or other third parties can be completed or can be timely completed in connection with sales of the Italian Properties.

The Italian Borrower and the Fund Manager The Italian Borrower is a real estate investment fund set up as a closed-end fund, managed by the Fund Manager, an asset management company (*società di gestione del risparmio*) ("**SGR**" and the "**Fund Manager**"). Real estate investment funds may invest in real estate, rights in real estate and shareholdings in real estate companies and may take loans, within certain limits, in order to do so.

The Italian Issuer does not have any right to replace the Fund Manager. However the Fund Manager carries out its management activities under the continuous control of the Bank of Italy. In the case of a default by the Fund Manager to carry out its duties under the rules of the Italian Borrower, the Bank of Italy may adopt all necessary measures in order to protect the holders of the units in the Italian Borrower.

By operation of law, the assets of the Italian Borrower are autonomous, separate and distinguished from (i) the assets of the Fund Manager, (ii) the assets of the unitholders in the Italian Borrower, and (iii) the assets of other funds managed by the same Fund Manager. Creditors of the Fund Manager or the unitholders may not attach or claim against the assets of the Italian Borrower. The Fund Manager is not permitted to use the Italian Borrower's assets for their corporate purposes or in the interests of third parties. Consequently the insolvency of the Fund Manager should not affect the segregation of the assets owned by the Italian Borrower; however it should be noted that since no SGRs have been declared insolvent in Italy, there are no court decisions supporting the principle that the insolvency of an SGR does not affect the segregation of the assets of the relevant real estate investment fund.

Statutory Rights of Tenants. A number of statutory rights may affect the net cash flow realised from the Italian Properties or cause delay in the payment of rental income relating to such Italian Properties. Such rights include the following:

(i) the tenant's right to compensation for an early termination of a lease or a landlord's failure to renew a lease in an amount equal to 18 months' rent (or 36 months' rent in the event that within one year since termination of such tenant's lease, activities similar to those carried out by the tenant in the Property are performed therein); and

(ii) the tenant may terminate a lease agreement at any time upon 6 months' written notice for serious unforeseeable reasons outside the control of the tenant which render the performance of the lease agreement extremely onerous for the tenant *(gravi motivi)*.

For an additional discussion on the rights of tenants, see "*Considerations related to the Relevant Jurisdictions - Italy - Commercial Property Leases*" and "*Considerations related to the Relevant Jurisdictions - Italy - Termination of Leases*" below.

Risks relating to Planning: The construction, renovation and maintenance of buildings in Italy are subject to compliance with the town plan (*Piano regolatore*) and the approval of the relevant municipality. Any building not constructed in compliance with its building permit or in accordance with the town plan (except for specific cases) must be demolished. In case of minor violations, certain fines may be imposed instead of ordering the demolition of the affected property. Neither the Italian Issuer nor the Arranger has independently investigated whether any such breach has occurred in relation to any Italian Property.

Registration tax and VAT imposed on real estate transactions The cash flows arising from the assets may be affected by the tax provisions of Law No. 248 of 4 August 2006 ("**Law No. 248**"), which amended the VAT and indirect taxes regimes applicable to Italian real estate transactions. Pursuant to Law No. 248, sale and lease agreements are subject to indirect taxes applied at proportional rates and the payment of these taxes may reduce the cash flows arising from the assets.

As a general rule, rental income from leases of commercial buildings is VAT exempt and subject to a 1 per cent. registration tax; however, under the new regime commercial rent is subject to VAT if (i) the lessee is a company having a *pro-rata* deductibility of VAT not higher than 25 per cent.; (ii) the lessee is an entity not subject to VAT, or (iii) the lessor makes the election for the VAT regime in the lease agreement. There is an option for the application of the old VAT regime, however, which must be exercised by the parties of the lease under the terms and conditions provided for by the regulation of the Tax Agency (*Agenzia delle Entrate*) of 14 September 2006 and it is anticipated that the Italian Borrower will so elect.

With regard to sales of commercial buildings, generally the sales are VAT exempt and subject to mortgage and cadastral taxes for an overall tax burden of 4 per cent. plus Euro 168 registration tax. In this case, under certain conditions, the vendor must repay the VAT deducted on the purchase of the property. However the sales will be subject to VAT, and indirect taxes apply at proportional rate of 4 per cent. (effective from 1 October 2006, the rate is reduced to 2 per cent. if the commercial building is sold to real estate funds, leasing companies, banks or financial entities), if (i) the commercial building is sold to an entity having a pro-rata deductibility of VAT not higher than 25 per cent. or to entities not subject to VAT, or (ii) the vendor of the commercial building makes the election for the VAT option in the transfer agreement, registration tax is always due at the fixed amount of Euro 168. Where the sale is subject to VAT the vendor maintains the right to deduct the VAT paid at the time of the purchase of the property.

Law No. 248 also introduced a VAT re-capture mechanism under which VAT paid on purchases and already set off or claimed back should be repaid in three instalments to the Tax Authorities.

3.5 **France**

Environmental regulations

Property located in France is subject to regulations relating to the environment and public health. The environmental and occupational health and safety obligations and liabilities of real

property landlords under the applicable French laws and regulations essentially include the following:

Land investigation and monitoring. Landlords have no direct obligations as regards land investigation and monitoring but must inform a potential purchaser of (a) the current or prior operation of authorised regulated activities on the site and (b) of any environmental damage, risk or inconvenience such activities may have generated or generate. Responsibilities with respect to land remediation and monitoring lie with the title operator of the regulated activities and installations located thereon. Since a 30 July 2003 amendment of applicable laws, municipal authorities may also under certain circumstances require not only the operator but also the landlord to carry out clean up works of a polluted site. For contractual responsibility reasons, it is now customary but not mandatory for landlords to assess the environmental condition of the land in order to determine whether past activities are likely to have been a source of environmental conditions which may eventually require soil and/or groundwater investigation, monitoring or cleanup.

Classified facilities. Industrial facilities that are likely to present a risk to human health and safety, the protection of the natural environment, or other legally protected interests, are listed in a schedule of classified facilities ("*nomenclature des installations classées*"). The operation of such classified facilities is subject to the granting of an operating permit by the local authority (*Préfet*). The granting of the permit may be subject to either a declaration or an authorisation procedure, depending on the level of risks for the environment the facility may represent. The administrative authority may require specific prescriptions and inform the operator of the general rules applying to the concerned facility. Failure of the title operator of the above installations to comply with applicable prescriptions may result in administrative sanctions, including for example a permit suspension (preceded by an injunction to comply within a given timeframe) (see article L. 514–1 of the French *Code de l'environnement*) and/or criminal prosecution (see *id.*, article L. 514–6 et seq. of the French *Code de l'environnement*).

It should be noted that the seller of a classified facility must inform the purchaser of any danger or nuisance resulting from previous operations on the site, to the extent that he is aware thereof. If the seller fails to provide this information, the purchaser can rescind the sale or obtain the reimbursement of a part of the purchase price. The purchaser may also require that the site be cleaned up at the seller's expense, when such cost is superior to the purchase price (article L.514-20 of the French *Code de l'environnement*). Also, when a classified facility ceases its activity, the local authority (*Préfet*) orders the last operator to clean up the site.

Pursuant to a law dated 30 July 2003 known as the "Bachelot Law", a seller which operates a classified facility must provide the purchaser with an information memorandum if during the facility's activity, chemical or radioactive products were handled or stored.

Asbestos. Domestic laws and regulations further require that the borrower, as the owner of a property, check the premises for the presence of asbestos–containing materials ("**ACMs**"). The owner must check the state of preservation and carry out any protective measures and, if necessary, removal of or isolation works on these materials and products. Article L. 1334–13 of the French *Code de la santé publique* requires that an asbestos investigation report ("*Dossier technique amiante*") detailing the presence or absence of ACMs and, as the case may be, information relating to the exact location of the materials and products containing ACMs, be appended by the seller to any promise or deed of sale of a building. In the absence of such documentation, no liability waiver may validly be stipulated to the benefit of the seller. The French *Code de la santé publique* provides that information duties shall apply only to those buildings which building permits were issued prior to 1 July 1997.

Legionella. Standard occupational health and safety regulations also require that water-cooling and heating systems be checked for the presence of *legionella* (the bacteria causing legionnaire's disease – a form of pulmonary infection).

Legal Issues related to Commercial Leases; Security of Tenure. The aim of French law relating to commercial leases (leases where the tenant is a corporate duly registered at the relevant commercial and company registry and duly carrying out a commercial undertaking in the premises)

is to grant tenants security of tenure ("*propriété commerciale*") so that they may ensure the continuation of their businesses and the retention of clientele. At the end of the term of a lease (generally at the end of a nine–year period), the commercial tenant is entitled either to have his lease renewed on the same terms and conditions for a term of at least nine (9) years or to receive compensation if the landlord refuses to renew the lease.

Such an eviction compensation is based, mainly, on the value of the business undertaking or of the lease if its value is greater than the value of the business undertaking (which may be the case in particular if the business is in deficit), increased by moving and reinstallation costs, unless the landlord can show the actual damage suffered by the tenant corresponds to a lesser amount. This compensation is more or less important depending on whether or not the non–renewal of the lease will result in the loss of the tenant's clientele. For this reason, eviction compensations for the non–renewal of office leases are generally less important.

The benefit of the security of tenure is subject to certain conditions. In principle, the tenant must have carried on the same business in the rented premises during the three (3) years preceding the expiry of the lease and this business must have been registered with the relevant commercial and company registry.

Duration and tenant's right to terminate the lease. Commercial leases are entered into for a statutory minimum period of nine (9) years. If the term provided for in the lease exceeds twelve (12) years, the lease must be published at the land registry office ("*Bureau des Hypothèques*") and be in the form of a notarial deed.

Unless the parties provide otherwise, the tenant has a three (3)–yearly right to terminate the lease provided he gives the owner at least six months prior notice by means of a process server. In practice, the tenant often waives this right, at least for the first triennial period, and is bound to stay in the premises for six (6) years.

Rent Review. Under French law, the provisions regarding the rent review during the course of a commercial lease are of public interest and cannot be contracted out. They thus limit the flexibility of the owners to increase the rent so that it corresponds to the market rent.

Most of the leases provide for a contractual annual indexation of rent which is usually based on the variation in the National Cost of Construction Index (*Indice du Coût de la Construction*).

Rent on renewal of a lease. Upon renewal of a lease, the new rent must be fixed in accordance with the current rental value of the rented premises. Various criteria are to be taken into account in fixing the market rent on renewal.

The increase in rent may, however, be limited, depending upon the activity carried out in the premises and the duration of the lease. If the initial duration of the lease as stipulated in the initial contract is more than nine (9) years and the actual duration of the lease does not exceed twelve (12) years, then the rent will be subject to an upper limit. The maximum rent which the landlord may apply for is based on the basis of variation in the National Cost of Construction Index (*Indice du Coût de la Construction*) over the same period as the period of the lease.

This upper limit can be excluded, in particular, where (i) a party to the lease can produce evidence of a substantial change in local commercial factors, (ii) the premises are used exclusively for office use, (iii) the premises can only be used for a specific activity ("*locaux monovalents*") such as premises used for hotels or cinemas, or (iv) the lease has a term of more than nine (9) years.

In these cases, the rent for the renewed lease must correspond to the rental value of the premises upon the date of the renewal of the lease.

Statutory Rights of Tenants. A number of statutory rights of tenants under the leases may affect the net cash flow realised from a property or cause delay in the payment of the rental income.

Such rights may include in particular (but without limitation) the following:

(a) where a borrower as landlord is in default of its obligations under a lease, the tenant may have the right under general principles of French law (*principe d'exception d'inexécution*) to retain its rental payments until the default is cured or refrain from performing its other obligations thereunder, if the breach results in an impossibility for the tenant to use the premises;

(b) a legal right of set–off (*droit de compensation légale*) could be exercised by a tenant of a property in respect of its rental obligations under the relevant lease if a reciprocal debt is owed to this tenant by the borrower as landlord or otherwise;

(c) French Courts may in some circumstances grant time to the tenants in respect of their payment obligations under the leases, taking into account their financial standing and the needs of the relevant borrower as landlord or may reschedule the debt of the tenants (in both cases not in excess of two years), treating the extension of time as a matter of procedural law governed by articles 1244–1, 1244–2 and 1244–3 of the Civil Code, thus disregarding any provision of the leases to the contrary; and

(d) a tenant who owns a going–concern (*fonds de commerce*) which has been legitimately carried out in a property for the three (3) years preceding the expiry of the relevant lease acquires a protected leasehold right, subject to certain other conditions, and is entitled to the renewal of the lease (*droit au renouvellement*) upon its expiry or to compensation for eviction (*indemnité d'éviction*) should the landlord elect not to renew the lease. The compensation for eviction must compensate the tenant for any losses and costs incurred by it. As long as the parties have not agreed this compensation or the Court has not fixed it, the tenant is entitled to stay in the rental premises in consideration for the payment of an occupation compensation. It should be borne in mind that the landlord has only two (2) years as from the termination of the lease to claim for occupation compensation from the tenant.

It must be noted that in case of offices, the current French case law considers that the tenant will not loose its clients and, therefore, its ongoing concern, if it has to move into new premises, so that the eviction compensation amounts to the costs incurred in connection with the removal of the tenant and its installation into new premises. Compensation is not payable, however, if the tenant is in serious breach of its obligations under the lease.

The exercise of any such rights may affect the ability of the borrower to meet its obligations under the mortgage loan.

Risks relating to the Tour Esplanade Property

Special authorisation required in the Paris area. To legally develop commercial office buildings in the Paris region, the developer must: (i) obtain a permit to do so (a "**Permit**"); and (ii) pay office development tax ("**ODT**") in respect of the building.

As the discrepancy of 2,688.70 square metres in net floor surface area of the Tour Esplanade Property (the "**Discrepancy**") only came to light after construction of the building, it is unlikely the Permit would have been granted in respect of the building's entire surface area. Given that ODT is calculated according to the square meterage of a building, it is equally unlikely that ODT would have been paid in respect of the Discrepancy. Action by the French government to recover this ODT liability is not statute-barred and thus, the current owner of the Tour Esplanade Property and any successive owners could be held jointly and severally liable for the ODT liability, as well as for a substantial fine. It may be observed that the French government has not attempted to claim this ODT liability during the last ten years.

Planning permissions and work declarations

Construction authorisations. As a general rule, construction works of a real estate asset require that appropriate planning permissions be obtained or that the requisite works declarations be filed. Should these permissions or this filing not be completed, the following sanctions shall apply.

During a time period of three (3) years from the completion of the works, criminal sanctions (fine and/or imprisonment) may be taken against the user of the property (*utilisateur du sol*), the beneficiary of the works, the architect, the building contractors and any other people in charge of the carrying out of the works, together with other sanctions such as demolition of the erected building, restoration of the initial use, if: (i) works have been carried out, or a change in the use initially authorised has been made, without obtaining the relevant authorisation, or (ii) the works carried out do not comply with the relevant authorisation. Imprisonment is rare and only in case of repeated offense. Likewise, the demolition of the building is also rare.

Where works are carried out without planning permission or a work declaration or in the case of a change of use without the above mentioned authorisation, third parties may obtain damages and may ask for the demolition or the restoration of the initial use if the claiming third party has suffered a prejudice and there is a direct link between the prejudice and the breach invoked (*i.e.* absence of the relevant authorisation or the failure of the works or the use to comply with the relevant authorisation). This risk is statute–barred after a ten (10)–year period as from the date the works have been completed. Again, the forced demolition of the works is rare.

In the case of breach of the above regulations, the successive owners of the property could be held liable. The consequence of such breach could entail the payment of a substantial fine as well as demolition of the relevant property.

High rise building (IGH) Regulations. Under the IGH Regulations, the Tour Esplanade Property, which constitutes a high-rise building, is subject to periodical inspection by the local safety commission, the purpose of which is to ensure continuing compliance of the Tour Esplanade Property under IGH Regulations.

Force Majeure. The laws of France recognise the doctrine of *force majeure*, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that the tenants of a property will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of rental income and hence the ability of the relevant borrower to pay interest on or repay the principal of the relevant mortgage loan or its portion of the relevant mortgage loan.

Taxe de Publicité Foncière. There is a risk that the French tax authorities claim for the *Taxe de Publicité Foncière* if it has not yet been paid, as it is a legal requirement that such *Taxe* be paid when assignments of rents cover more than three years of rental income which have not matured.

4. CONSIDERATIONS RELATED TO THE NOTES

The Notes are only the obligations of the Issuer. The Issuer is the only entity responsible for making any payments on the Notes. The Notes do not represent an obligation of, or are the responsibility of, and will not be guaranteed by the Originators, the Security Agents, the Note Trustee, the Master Servicers, the Special Servicers, the Delegate Master Servicers (if appointed), the Delegate Special Servicers (if appointed), the Cash Manager, the Principal Paying Agent or any other Paying Agent, the Agent Bank, the Exchange Agent, the Interest Rate Swap Providers, the Currency Swap Provider, the Swap Guarantor, the Liquidity Facility Provider, the Issuer Account Bank, the Italian Issuer, the Representative of the Italian Noteholders, the Italian Corporate Services Provider, the Italian Issuer Parent, the Italian Master Servicer, the Italian Special Servicer, the Swiss SPV, LBF, the Irish Corporate Services Provider, the Managers or any other party to the Transaction Documents (other than the Issuer) (or any company in the same group of companies as, or affiliated with the Originators or the Managers or any other party to the Transaction Documents (other than the Issuer)), or any other party to the transaction other than the Issuer. Furthermore, no person other

than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Recourse to the Originators. The Issuer and the Note Trustee will have no recourse to the Originators, save in respect of a breach of representation or warranty made by an Originator in respect of a Loan at the time of its sale to the Issuer pursuant to the relevant Loan Sale Agreement.

Limited Recourse. The Issuer is a special purpose financing entity with no business operations other than (i) the issue of the Notes, (ii) the purchase of the relevant loans (iii) granting the Swiss Unsecured Loans and (iv) purchasing the Italian Notes and the transactions ancillary thereto. The payments on the Loans, payments to the Issuer pursuant to the Swiss Unsecured Loans, payments to the Issuer pursuant to the Italian Notes, payments to the Issuer pursuant to the terms of the Swap Agreements, drawings by the Issuer pursuant to the terms of the Liquidity Facility Agreement, payments to the Issuer in respect of any Loan (other than the Italian Loan) repurchased by the Originators in accordance with the terms of the relevant Loan Sale Agreement and the proceeds of Eligible Investments and funds standing to the credit of certain bank accounts of the Issuer are the only sources of funds available to make payments of interest on and repayment of principal of the Notes. If such funds are insufficient, no other assets will be available to Noteholders for payment of the deficiency. Enforcement of the Issuer Security is the only remedy available for the purpose of recovering amounts owed in respect of the Notes. Having exhausted the Issuer Security and having distributed the net proceeds in accordance with the terms of the Issuer Deed of Charge, none of the Note Trustee nor any other Issuer Secured Creditor may take any further steps against the Issuer to recover any sum still unpaid and the Issuer's liability for any sum still unpaid shall be extinguished. The Issuer will have no recourse either directly or indirectly to an Originator other than in respect of breaches of representation and warranty arising under the relevant Loan Sale Agreement which materially and adversely affect the holders of the Notes and require the relevant Originator to cure the relevant breach or to repurchase the affected Loan.

Only the Note Trustee may pursue the remedies available under applicable law, under the Issuer Deed of Charge and under the Transaction Documents to enforce the rights of the Issuer Secured Creditors against the Issuer and no other Issuer Secured Creditor shall be entitled to proceed directly against the Issuer, unless the Note Trustee having been bound to take steps and/or proceedings, fails to do so within a reasonable time and such failure is continuing.

None of the parties to the Transaction Documents shall be entitled to petition or take any corporate action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of a receiver, administrator, receiver, or manager, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets for so long as the Notes are outstanding or for two years and a day after all sums outstanding and owing in respect of the Notes have been paid in full, *provided* that the Note Trustee may prove or lodge a claim in liquidation of the Issuer initiated by another party and *provided, further* that the Note Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Issuer Deed of Charge.

None of the parties to the Transaction Documents shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Issuer Deed of Charge, or any other Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

The junior classes of Notes in particular may be adversely affected by high levels of principal prepayments and/or defaults on the Loans. In addition, if the Issuer is required to pay any fees, costs and expenses, whether to a Issuer Secured Creditor or to a third party creditor, that are unusual and extraordinary in nature or pay interest on any Liquidity Drawings or Stand-by Drawings then, to the extent that such fees, costs, expenses or interest cannot be recouped from the relevant Borrower prior to the following Payment Date, a shortfall in funds necessary to pay interest on the then junior classes of Notes may occur (see "*Summary – The Notes – Limited Recourse*").

Potential Conflicts of Interest. There are no restrictions on the Master Servicers, the Special Servicers, the Delegate Master Servicers and the Delegate Special Servicers (collectively, the "**Servicers**") acquiring Notes or servicing loans for third parties, including loans similar to the Loans. The properties securing any such loans may be in the same markets as the Properties. Consequently, personnel of the Servicers may perform services on behalf of the Issuer with respect to the Loans at the same time as they are performing services on behalf of other persons with respect to other Loans secured by properties that compete with the Properties. Despite the obligation of each of the Servicers to perform their respective servicing obligations in accordance with the terms of the Servicing Agreement, such other servicing and property management obligations may pose inherent conflicts for the Servicers.

In addition, a Servicer acting for both a junior and a senior lender poses to it an inherent conflict of interest; however in the relevant Servicing Agreement, the B Piece Lender and the A Piece Lender have agreed as to the manner in which the relevant Servicer will act as the agent of their respective interests.

The Servicing Agreements require the Servicers to service the Loans for which they are responsible in accordance with the Servicing Standard. Certain discretion is given to the Servicers in determining how and in what manner to proceed in relation to the Loans. Further, since the Servicers may each acquire Notes, either of them could, at any time, hold any or all of then Most Junior Class of Regular Notes outstanding from time to time, and the holders of that class may have interests which conflict with the interests of the holders of the other Notes.

Lehman Brothers International (Europe) is the lead manager in respect of the issue of the Notes. The ultimate holding company of Lehman Brothers International (Europe) is Lehman Brothers Holdings Inc.. Lehman Brothers Holdings Inc. will guarantee the payment obligations of Lehman Brothers Special Financing, Inc., as Swap Providers pursuant to the terms of the Swap Agreements and Lehman Brothers International (Europe). Further, Lehman Brothers International (Europe) and Lehman Brothers Bankhaus AG, acting through its London branch (the ultimate holding company of which is Lehman Brothers Holdings Inc.) are the Security Agents for the finance parties of the relevant Loans and Lehman Commercial Paper Inc., United Kingdom Branch (the ultimate holding company of which is Lehman Brothers Holdings Inc.) and Lehman Brothers Bankhaus AG, acting through its London branch are the Originators of the relevant Loans. Lehman Brothers International (Europe) will also be the initial holder of the Class X Note. Lehman Brothers Bankhaus AG, acting through its London branch or an affiliate or affiliates of Lehman Brothers International (Europe) may also hold an interest in the B Pieces. Conflicts of interest may exist or may arise as a consequence of the various Lehman Brothers' entities having different roles in this transaction.

ABN AMRO Trustees Limited is the Note Trustee in respect of the Notes issued by the Issuer and also the Representative of the Italian Noteholders in respect of the Italian Notes issued by the Italian Issuer. Conflicts of interest may arise or exist as a consequence of the various ABN AMRO Trustees Limited's roles in this transaction.

Effect of a Shortfall in Available Interest Collections on a Payment Date. If the Issuer has insufficient Available Interest Collections on a Payment Date (after, for the avoidance of doubt, the drawing of any amounts available to the Issuer pursuant to the terms of the Liquidity Facility Agreement) to enable the Issuer to be able to pay in full all interest then falling due and payable on the Most Senior Class of Regular Notes then outstanding, an Event of Default will occur, which may result in the Note Trustee enforcing the Issuer Security. However, no such Event of Default will occur if the Issuer fails to pay the full amount of interest calculated as being due on the Class X Note and/or, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (if such Regular Notes are not the Most Senior Class of Regular Notes then outstanding) and instead those amounts of interest due on such classes of Notes shall be deferred with the Issuer creating a provision in its accounts on such Payment Date in an amount equal to such deferred interest thereon on which the Issuer has sufficient Available Interest Collections to pay such amounts. No assurance can be given that the Issuer will have sufficient resources on a Payment Date or the Maturity Date to pay any amount of deferred interest. In addition, insufficient Available Interest Collections on any Payment Date may also result in a decrease in the amount of interest due

and payable on the Class F Notes as the Interest Amount payable on the Class F Notes in such circumstance may be reduced, in relation to which (see Condition 5(c) (*Note Rates of Interest and Calculations of Interest Amounts for Notes*)). See "*Summary – The Notes – Interest payable on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on any Payment Date prior to the enforcement of the Issuer Security*", *"Summary – The Notes - Interest payable on the Class X Note"* and Condition 5 (*Interest*) and in particular Conditions 5(i) (*Deferral of Interest*).

Effect of Principal Losses on Interest Payments and Principal Repayments on the Notes. Payment defaults and losses on the Loans, the Swiss Unsecured Loans or on the Italian Notes will have an adverse effect, which may be substantial, on the ability of the Issuer to make payments of interest and principal under the Notes. A default on a Loan, a Swiss Unsecured Loan or on the Italian Notes could ultimately result in its/their enforcement. The proceeds of any such enforcement may be insufficient to cover the full amount due from the relevant Borrower or from the Italian Issuer, as applicable, resulting in a Principal Loss.

The occurrence of payment defaults on the Loans, the Swiss Unsecured Loans or on the Italian Notes will affect the amount of Available Interest Collections and Available Principal Collections available to the Issuer on a Payment Date, the yield to maturity of each class of Notes, the rate of principal repayments on each class of Notes and the weighted average life of each class of Notes. Even if no Principal Loss occurs in connection with the enforcement of a Loan, a Swiss Unsecured Loan or the Italian Notes, such enforcement may still affect the timing of repayments on (and, accordingly, the weighted average life and/or yield to maturity of) the Notes.

On the Payment Date following the occurrence of a Principal Loss in respect of a Loan, a Swiss Unsecured Loan or on the Italian Notes, the aggregate Adjusted Notional Amount Outstanding of the Notes will be reduced by an amount equal to the amount of the Principal Loss incurred as follows:

(i) *first*, the Adjusted Notional Amount Outstanding of the Class F Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class F Notes is zero;

(ii) *second*, the Adjusted Notional Amount Outstanding of the Class E Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class E Notes is zero;

(iii) *third*, the Adjusted Notional Amount Outstanding of the Class D Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class D Notes is zero;

(iv) *fourth*, the Adjusted Notional Amount Outstanding of the Class C Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class C Notes is zero; and

(v) *fifth*, the Adjusted Notional Amount Outstanding of the Class B Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class B Notes is zero.

The Adjusted Notional Amount Outstanding of the Class A Notes and the Class X Note will not be reduced by Principal Losses and will at all times be equal to the Principal Amount Outstanding of such Class of Notes.

A reduction in the aggregate Adjusted Notional Amount Outstanding on a class of Notes will, in the case of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes affect the relevant Interest Amount due and payable on such class of Notes on a Payment Date insofar as interest on a Class of Notes whose Adjusted Notional Amount Outstanding has been reduced by the application of a Principal Loss will only be payable on such Adjusted Notional Amount Outstanding. Potential Noteholders should note that the payment of any interest on a Note whose Adjusted Notional Amount Outstanding has been reduced by an Applicable Principal Loss which would have been paid had the relevant Note not been applied with such Applicable Principal Loss, will only be paid if and to the extent that funds are available on the Maturity Date in accordance with Condition 6(a) (*Final Redemption*).

See "*Summary – The Notes – Interest payable on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on any Payment Date prior to the enforcement of the Issuer Security*", "*Summary – The Notes – Interest Payable on the Class X Note*", "*Application of Funds*" and Condition 5 *(Interest)*.

Effect of Prepayments on the Loans, the Swiss Unsecured Loans or on the Italian Notes. Subject to the satisfaction of certain conditions, all of the aggregate principal balance of the Loans, the Swiss Unsecured Loans and/or the Italian Notes may be prepaid prior to their respective stated final Loan Maturity Dates, the Swiss Unsecured Loans maturity date or Italian Notes Maturity Date, as applicable. In addition, a prepayment of the Italian Loan may result in the Italian Notes being prepaid. The proceeds of a prepayment of the Loans (other than the Italian Loan) and/or the Swiss Unsecured Loans and/or the Italian Notes will be applied in mandatory redemption of the Notes in accordance with Condition 6 (*Redemption and Cancellation*). Prepayments on the Loans (other than the Italian Loan), the Swiss Unsecured Loans or on the Italian Notes will result in a reduction in interest receipts by the Issuer and may therefore result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes on such Payment Dates (see Condition 5(c) (*Note Rate of Interests and Calculation of Interest Amounts for the Notes*)). The prepayment risk, to the extent that prepayments are made by the Borrowers voluntarily and not upon enforcement of the Loans (other than the Italian Loan), the Swiss Unsecured Loans or of the Italian Notes, as applicable, will be borne initially by the holders of the then Most Junior Class of Regular Notes outstanding. The Class X Note is also particularly sensitive to prepayments of the Loans, the Swiss Unsecured Loans or the Italian Notes (see "– *Class X Note*"). Prepayment Fees will not be available to compensate Noteholders or the Italian Noteholders for any reductions in yield but will be paid to the Originators as a component of the Deferred Consideration (see "*Servicing of the Loans – Modifications, Waivers, Amendments and Consents*").

A prepayment on a Loan, a Swiss Unsecured Loan or on the Italian Notes may result in a reduction in interest receipts received by the Issuer and a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes on a relevant Payment Date and may result in the payment of such interest being deferred. No assurance can be given that the Issuer will have sufficient resources on a Payment Date or the Maturity Date to pay any amount of deferred interest. See "*Summary – The Notes – Interest payable on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on any Payment Date prior to the enforcement of the Issuer Security*" and Condition 5 (*Interest*).

Considerations relating to yield and prepayments. If any class of Notes is purchased at a premium, and if payments and other collections of principal on the Loan occur at a rate faster than anticipated at the time of the purchase, then the actual yield to maturity on that class of Notes may be lower than assumed at the time of the purchase. If any class of Notes is purchased at a discount, and if payments and other collections of principal on the Loan occur at a rate slower than anticipated at the time of the purchase, then the actual yield to maturity on that class of Notes may be lower than assumed at the time of the purchase. The investment performance of any Note may vary materially and adversely from expectations due to the rate of payments and other collections of principal on the Loan being faster or slower than anticipated. Accordingly, the actual yield may not be equal to the yield anticipated at the time the Note was purchased, and the expected total return on investment may not be realised. An amount equal to Prepayment Fees paid by Borrowers in connection with prepayments of all or part of their Loans will be paid by the Issuer to the relevant Originator (or any other person or persons than otherwise entitled thereto) as a component of the Deferred Consideration payable pursuant to the terms of the Loan Sale Agreement and will not therefore be available to compensate any Noteholders of any other class for any reductions in yield.

An independent decision by prospective Noteholders as to the appropriate prepayment assumptions should be made when deciding whether to purchase any Note.

Replacement of Master Servicer and Special Servicer. In order for the termination of the appointment of the relevant Master Servicer or relevant Special Servicer to be effective under the relevant Servicing Agreement, a substitute must have been appointed. The appointment of any substitute Master Servicer or Special Servicer will not become effective unless certain conditions are met, including that each Rating Agency has confirmed that such appointment will not result in the

then-current ratings of the Notes being downgraded, withdrawn or qualified. However, there is no guarantee that an appropriate substitute could be found who would be willing to service or specially service the Loans and the Related Security. Furthermore, the ability of any substitute to service or specially service effectively the Loans and Related Security would depend on the information and records made available to it. Pursuant to the Servicing Agreements, upon termination of the appointment of a relevant Master Servicer and a relevant Special Servicer, the Master Servicer and the Special Servicer are obliged to provide any substitute with any records and information held by or available to them. In the case of the termination of the appointment of a relevant Master Servicer or relevant Special Servicer, although the Servicing Agreements provides for the fees payable to a substitute to be consistent with those payable generally at that time for the provision of commercial mortgage loan servicing services, there can be no assurances that the fees payable by the Issuer to the substitute would not be higher than those payable to the relevant Master Servicer and relevant Special Servicer on the Closing Date. As with the fees payable to the relevant Master Servicer and the relevant Special Servicer, the fees and expenses of a substitute servicer would be payable in priority to payment of interest under the Notes.

Rights to payment that are senior to or pari passu with payments on the Notes; credit support provided by junior classes of Notes. Certain amounts payable by the Issuer to third parties such as the Originators, the Security Agents, the Note Trustee, the Master Servicer, the Special Servicer, the Cash Manager, the Principal Paying Agent or any other Paying Agent, the Agent Bank, the Exchange Agent, the Interest Rate Swap Providers, the Currency Swap Provider, the Liquidity Facility Provider, the Issuer Account Bank and the Irish Corporate Services Provider rank in priority to, or *pari passu* with, payments of principal and interest on the Notes, both before and after an enforcement of the Issuer Security. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes provide credit support for the Class A Notes, which inherently makes such classes of Notes riskier investments than the Class A Notes. See "*Application of Funds*".

Availability of Liquidity Facility. Pursuant to the terms of the Liquidity Facility Agreement, the Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the amounts available to the Issuer to make payments of, among other things: (i) amounts due and payable to each Interest Rate Swap Provider and the Currency Swap Provider which rank senior to or *pari passu* with payments of interest on the Notes; and (ii) the Class A Interest Amount, the Class B Interest Amount, the Class C Interest Amount, the Class D Interest Amount, the Class E Interest Amount, the Class F Interest Amount and the Class X Interest Amount for such Payment Date. The amount available to be drawn under the Liquidity Facility on any Payment Date may be less than the Issuer would have received, had full and timely payments been made in respect of all amounts owing to the Issuer during the related Collection Period. In such circumstances, insufficient funds may be available to the Issuer to pay in full interest due on the Notes.

The maximum principal amount available under the Liquidity Facility on each Payment Date will be an amount equal to 6.5 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes.

Upon the Aggregate Adjusted Notional Amount Outstanding of the Notes decreasing below €1,100,000,000 but not below €500,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €71,500,000 (the "**Initial Threshold Amount**") provided that on each Payment Date on which the Initial Threshold Amount is equal to or greater than 9 per cent. of the aggregate Notional Amount Outstanding of the Notes, the maximum principal amount available under the Liquidity Facility will be equal to 9 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes.

Upon the Aggregate Adjusted Notional Amount Outstanding of the Notes decreasing below €500,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €45,000,000 (the "**Secondary Threshold Amount**") provided that on each Payment Date on which the Secondary Threshold Amount is equal to or greater than 11 per cent. of the aggregate Notional Amount Outstanding of the Notes, the maximum principal amount available

under the Liquidity Facility will be equal to the greater of (i) 11 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes and (ii) €15,000,000.

See "*The Liquidity Facility Agreement and the Interest Rate Swap Agreements – The Liquidity Facility Agreement*".

Class X Note. The Class X Interest Rate will be highly sensitive to, among other things, an increase in the weighted average of the Note Rates of Interest of the Regular Notes arising from the sequential prepayment of the Notes under the Issuer Sequential Principal Pre-Enforcement Priority of Payments. Interest will cease to be payable on the Class X Note if the aggregate of the Issuer's expenses in items (i) through (xiv) inclusive of the Issuer Revenue Pre-Enforcement Priority of Payments (excluding item (vii)(b)) equals or exceeds, at any time, the interest payable on the Loans. See Condition 5 (*Interest*).

The Class X Noteholder will not have the same rights as the holders of Regular Notes. No principal will be repayable on the Class X Note except in certain limited circumstances (see Condition 6(a) (*Final Redemption*). The Class X Noteholder will not, except in certain limited circumstances, have the right to vote at meetings of Noteholders, pass any Noteholder resolution, become the Controlling Class or direct the Trustee to enforce the Issuer Security.

The yield to maturity on the Class X Note will be highly sensitive to the rate and timing of principal payments and collections (including by reason of a voluntary or involuntary prepayment, or a default and liquidation) on the Loans. Investors in the Class X Note should fully consider the associated risks, including the risk that a faster than anticipated rate of principal payments and collections could result in a lower than expected yield and an early liquidation of the Loans could result in the failure of such investors to fully recoup their initial investments.

Ratings of the Notes: A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any of the Rating Agencies. The ratings assigned to the Notes by the Rating Agencies are based on the structure of the Notes, the Loans, the Related Security, the Properties and other relevant structural features of the transaction, including, among other things, the short-term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the Swap Guarantor, and reflect only the views of the Rating Agencies. The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon both the value of the Notes or their marketability in secondary market transactions.

The Rating Agencies will be notified of the exercise of certain discretions by or at the direction of the Servicers, such as amendments to and waivers of Loan Agreements and certain discretions of which the Note Trustee is given notice prior to their exercise. However, the Rating Agencies are under no obligation to revert to the Servicers regarding the impact of the exercise of such discretion on the ratings of the Notes and any decision as to whether or not to confirm, downgrade, withdraw or qualify the ratings of all classes or any class of Notes based on such notification may be made at the sole discretion of the Rating Agencies at any time, including after the relevant action has been taken.

Where, after the Closing Date, a particular matter such as that referred to in the preceding paragraph or any other matter involves the Rating Agencies being requested to confirm the then-current ratings of the Notes, the Rating Agencies, at their sole discretion, may or may not give such confirmation. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agencies cannot provide their confirmation in the time available or at all and they will not be held responsible for the consequences thereof. Any confirmation received from the Rating Agencies, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in

the context of cumulative changes to the transaction of which the Notes form part since the Closing Date. Furthermore, in the event that the Rating Agencies confirm the ratings, this will be on the basis of full and timely receipt by the Noteholders of interest on the Notes and the likelihood of receipt of principal of the Notes by the Maturity Date. There is no assurance that after any such confirmation any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by one or more of the Rating Agencies for any of the reasons specified above in relation to the original ratings of the Notes. As such a confirmation of the ratings of the Notes by the Rating Agencies is not a representation or warranty that, as a result of a particular matter, the interest and principal due under the Notes will be paid or repaid in full and when due.

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

Conflicts of interest between the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. The Trust Deed, the Issuer Deed of Charge and the Conditions of the Notes will provide that the Note Trustee is to have regard to the interests of the holders of all the classes of Notes. There may be circumstances, however, where the interests of one class of the Noteholders conflict with the interests of another class or classes of the Noteholders. In general, the Note Trustee will give priority to the interests of the holders of the Most Senior Class of Regular Notes then outstanding such that:

(a) (for so long as there are Class A Notes outstanding) the Note Trustee is to have regard only to the interests of the Class A Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class A Noteholders on the one hand and the interests of any other class of Noteholder on the other hand;

(b) (for so long as there are Class B Notes but no Class A Notes outstanding) the Note Trustee is to have regard only to the interests of the Class B Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class B Noteholders on the one hand and the interests of any other class of Noteholders on the other hand;

(c) (for so long as there are Class C Notes but no Class A Notes or Class B Notes outstanding) the Note Trustee is to have regard only to the interests of the Class C Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class C Noteholders on the one hand and the interests of any other class of Noteholders on the other hand;

(d) (for so long as there are Class D Notes but no Class A Notes, Class B Notes or Class C Notes outstanding) the Note Trustee is to have regard only to the interests of the Class D Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class D Noteholders on the one hand and the interests of any other class of Noteholders on the other hand;

(e) (for so long as there are Class E Notes but no Class A Notes, Class B Notes, Class C Notes or Class D Notes outstanding) the Note Trustee is to have regard only to the interests of the Class E Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class E Noteholders on the one hand and the interests of any other class of Noteholders on the other hand; and

(f) (for so long as there are Class F Notes but no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes outstanding) the Note Trustee is to have regard only to the interests of the Class F Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class F Noteholders on the one hand and the interests of the holder of the Class X Note on the other hand.

As more particularly described in the Trust Deed, the Trustee is only required to have regard to the interests of the Class X Noteholder (i) when the Class X Note is the only Note outstanding and (ii) to the extent described in Condition 12(l).

Lack of Liquidity; Absence of Secondary Market; Market Value. Application has been made to the Irish Stock Exchange for the Notes to be admitted to its Official List and trading on its regulated market. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There is currently no secondary market for the Notes and there can be no assurance given that such a market will develop or, if such a market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. While the Lead Manager may make a market in the Notes upon their issuance, the Lead Manager is under no obligation to do so.

Lack of liquidity could result in a significant reduction in the market value of the Notes. In addition, the market value of the Notes at any time may be affected by many factors, including then prevailing interest rates and the then perceived riskiness of commercial mortgage-backed securities relative to other investments. Consequently, sale of the Notes in any secondary market which may develop may be at a discount from par value or from their purchase price.

Hedging Considerations. In order to address interest rate and currency risks, the Issuer will enter into the Interest Rate Swap Transactions and the Currency Swap Transactions as described under "*The Liquidity Facility and the Swap Agreements*". However, there can be no assurance that the Interest Rate Swap Transactions and the Currency Swap Transactions will adequately address unforeseen hedging risks.

In certain circumstances, including where the Issuer, the Currency Swap Provider or the relevant Interest Rate Swap Provider may be required to pay additional amounts in respect of tax or where there is a substantial likelihood that payments from either such party may be subject to tax withholding, the relevant Swap Agreement may be terminated. If any Swap Agreement is terminated, no assurance can be given that the Issuer will have sufficient funds in order to enable it to make, *inter alia*, the required payments on the Notes.

United States Tax Characterisation of the Notes. The Issuer is a passive foreign investment company (a "PFIC"), for United States federal income tax purposes. Although the Class E Notes and the Class F Notes are in the form of debt, a strong likelihood exists that the Class E Notes and the Class F Notes will be equity of the Issuer for United States federal income tax purposes. The Issuer intends to treat, and each Holder of the Class E Notes and the Class F Notes agrees to treat, the Class E Notes and the Class F Notes as equity of the Issuer for United States federal income tax purposes. Although holders of equity interests in a PFIC can mitigate many adverse tax consequences of the PFIC rules by filing an election to treat the PFIC as a qualified electing fund ("**QEF**") if the PFIC complies with certain reporting requirements, the Issuer does not intend to comply with such reporting requirements necessary to permit United States holders to elect to treat the Issuer as a QEF. Each United States holder of a Class E Note or a Class F Note should consult its own tax advisors as to the tax consequences of holding an equity interest in a PFIC. See "*United States Taxation - Tax Treatment of Class E Notes and Class F Notes*".

Certain ERISA Considerations. Under a regulation of the U.S. Department of Labor (the "**DOL**"), if certain employee benefit plans subject to the U.S. Employee Retirement Income Security Act of 1974 ("**ERISA**") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or entities whose underlying assets are treated as assets of such an employee benefit plan (collectively, "**ERISA Plans**") invest in the Class E Notes, the Class F Notes and the Class X Note, the assets of the Issuer could be considered to be assets of such Plans and certain of the transactions contemplated under the Notes could be considered "prohibited transactions" under ERISA or Section 4975 of the Code. As a result, the Class E Note, the Class F Note or the Class X Note and any interests therein, may not be sold, transferred to or held by or on behalf of any ERISA Plan. See "*U.S. ERISA and Certain Other Considerations*".

EU Savings Directive. Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Introduction of International Financial Reporting Standards. The Issuer's Irish corporation tax position depends to a significant extent on the accounting treatment applicable to the Issuer. The accounts of the Issuer are required to comply with International Financial Reporting Standards ("**IFRS**") or with generally accepted accounting principles in Ireland ("**Irish GAAP**") which has been substantially aligned with IFRS. Companies such as the Issuer might, under either IFRS or Irish GAAP, be forced to recognise in their accounts movements in the fair value of assets that could result in profits or losses for accounting purposes which bear little relationship to the company's actual cash position. These movements in value may generally be brought into the charge to tax (if not relieved) as a company's tax liability on such assets broadly follows the accounting treatment. However, the taxable profits of a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended, (which it is anticipated that the Issuer will be) will be based on the profits that would have arisen to the company had its accounts been prepared under Irish GAAP as it existed at 31 December 2004. It is possible to elect out of such treatment and such election, if made, is irrevocable. If the Issuer makes such an election, then taxable profits or losses could arise to the Issuer as a result of the application of IFRS or current Irish GAAP that are not contemplated in the cash-flows for the transaction and as such may have a negative effect on the Issuer and its ability to make payments to the Noteholders. The Issuer will covenant that no such election, if its cash flows would be affected adversely thereby, will be made.

Swiss tax considerations related to the Issuer. The Issuer is not tax-resident in Switzerland for Swiss federal and cantonal CIT purposes as neither its statutory seat nor its place of effective management and control is located in Switzerland and thus will not be subject to unlimited Swiss federal and cantonal CIT liability in Switzerland. The same is true with respect to the corporate capital tax levied by the Swiss cantons. As the business activities of the Issuer should not create a permanent establishment in Switzerland, the Issuer will not be subject to limited Swiss federal and cantonal CIT liability in Switzerland. The same is true with respect to the corporate capital tax levied by the Swiss cantons. Interest payments under the Swiss Unsecured Loans and interest payments under the Notes are not subject to the Swiss federal withholding tax nor to special federal and cantonal interest withholdings on mortgaged loans. Neither the Swiss Unsecured Loans nor the Notes are subject to the Swiss federal issuance stamp duty.

Withholding Tax under the Notes. In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes (as to which, in relation to United Kingdom tax and Irish tax, see "*United Kingdom Taxation*" and "*Taxation in Ireland*" below), neither the Issuer nor any Paying Agent nor any other person will be required to make any additional payments to Noteholders, or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made, the Issuer will have the option (but no obligation) to redeem all outstanding Notes in full at their Principal Amount Outstanding (together with accrued interest). (See "*Terms and Conditions of the Notes*").

Changes of Law. The structure of the issue of the Notes and the ratings which are to be assigned to them are based on the law, tax and regulatory and administrative practice in effect as at the date of this Prospectus in England, Ireland, Germany, The Netherlands, Switzerland, Italy and France, and having due regard to the expected tax treatment of all relevant entities under such laws and the published practice of the relevant tax authorities in force or applied in those jurisdictions as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to such laws or regulatory or administrative practice in such jurisdictions, or the interpretation or administration thereof after the date of this Prospectus.

Implementation of Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Notes. Following the issue of proposals from the Basel Committee on Banking Supervision for reform of the 1988 Capital Accord, a framework has been developed which places enhanced emphasis on market discipline and sensitivity to risk. An updated version of the text of the proposed framework was published in November 2005 under the title "Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework" (the "**Framework**"). The Framework is being implemented in stages (partly from year-end 2006 and the most advanced from year-end 2007). However, the Framework is not self-implementing and, accordingly, implementation dates in participating countries are dependant on the relevant national implementation process in those countries. As and when implemented, the Framework could affect risk-weighting of the Notes for investors who are subject to capital adequacy requirements that follow the Framework. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the application of the Framework and any relevant implementing measures. Proposals and guidelines for implementing the Framework in certain participating jurisdictions are still in development and no predictions can be made as to the precise effects of potential changes on any investor or otherwise.

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

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

In an insolvency of the Issuer, the claims of certain preferential creditors (including the Irish Revenue Commissioners for certain unpaid taxes) will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges. In addition, the claims of creditors holding fixed charges may rank behind other "super" preferential creditors (including expenses of any examiner appointed and certain capital gains tax liabilities). Holders of fixed charges over book debts may be required by the Irish Revenue Commissioners to pay amounts received by the holder in settlement of the Issuer's tax liability.

In certain circumstances, a charge which purports to be taken as a fixed charge may take effect as a floating charge. Under Irish law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid.

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings.

English law recharacterisation of fixed charges. Whether an English law fixed security interest expressed to be created by the Issuer Deed of Charge will be upheld as a fixed security interest rather than floating security will depend, among other things, on whether the Note Trustee has the requisite degree of control over the chargors' ability to deal in the relevant assets and the

proceeds thereof and, if so, whether such control is exercised by Note Trustee in practice. For example, it is probable that the Note Trustee does not exert sufficient control over the accounts of the Issuer for the charges over those accounts to take effect as fixed charges. In addition, any assignment, charge or security granted over an asset which is expressed to be a fixed charge may be characterised as a floating charge if the proceeds thereof are paid into a bank account over which the Note Trustee is not deemed to have sufficient control. There can be no assurance that a court will not recharacterise a charge expressed to be a fixed charge in favour of the Note Trustee as a floating charge.

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

CERTAIN MATTERS OF GERMAN, NETHERLANDS, SWISS, ITALIAN AND FRENCH LAW

1. Germany

Frustration. A lease or other occupational arrangement could, in exceptional circumstances, be frustrated under the applicable laws of the Relevant Jurisdiction, whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party thereto, so that it would be inequitable for such an agreement or agreements to continue. If an occupational lease of a Property were to be frustrated, the relevant Borrower's ability to generate cash-flow would be compromised, as would its ability to make payments of interest and repayments of principal on its Loan.

Enforcement of German Mortgages under German law. Enforcement of the German Mortgages will be carried out by the Security Agents or any of their respective representatives, or legal counsel whom the Security Agents in their discretion may from time to time appoint, in accordance with the German Compulsory Auction and Compulsory Administration of Immoveable Property Act ("**ZVG**"). The ZVG provides for two different types of enforcement of the German Mortgages (a) compulsory sale (*Zwangsversteigerung*) of the German Properties; and/or (b) compulsory administration (*Zwangsverwaltung*) of the German Properties.

(a) *Compulsory Sale*. In the case of a compulsory sale, the court will effect a public auction of the relevant German Property; the organisation of such auction and the sale of the German Property therein may take a considerable amount of time (likely to be more than one year and, depending upon the workload of the court, possibly significantly longer, especially if an insolvency administrator *(Insolvenverwalter*) should request a suspension of the sale). If the highest bid at the auction is not at least 70 per cent. of the market value estimated by the valuer appointed by the competent court, any person who has an interest in the outcome of the decision (*Berechtigte*), being each person who would receive a payment out of the difference between the actual highest bid and a fictitious bid in the amount of 70 per cent. of the market value, and with claims that would not be fully satisfied after the distribution of the proceeds, may require the court not to sell the property to the relevant bidder. The enforcing creditor may oppose such request by providing *prima facie* evidence that the non-acceptance of the bid would cause the creditor an unreasonable disadvantage. In no event may the court dispose of the property if the highest bid in the auction does not reach 50 per cent. of the estimated value of the property. If a second auction (to be held not earlier than three months but no later than six months after the first auction unless specific reasons require different timing) is necessary because the highest bid was too low, the highest bid in such further auction does not need to meet any threshold with regard to the estimated value of the property. The leases relating to the property will continue during the enforcement procedure, however, existing contractual and statutory termination rights apply. The acquirer of the property has a right to terminate all or any of the leases with the statutory notice period, but such right may only be exercised one time, with effect as of the first possible termination date after the acquisition.

Enforcement of the German Mortgages is facilitated by the fact that each Borrower has personally agreed to an immediate enforcement of such German Mortgages (*Unterwerfung unter die sofortige Zwangsvollstreckung*). Immediate enforcement is permitted against the owner of a German Property at the relevant time with respect to such property (*dingliche Zwangsvollstreckungsunterwerfung*) and against the relevant German Borrower with respect to any of its assets (*persönliche Zwangsvollstreckungsunterwerfung*). As a result, the mortgage deed serves as an executory title and, accordingly, the Security Agents may initiate enforcement proceedings with respect to any asset of the relevant Borrower without having to obtain an executory title by way of court proceedings. In relation to the Grazer Damm 2 Mortgage, the amount subject to immediate enforcement is limited to approximately 15 per cent. of the relevant amount of the German Mortgage and the mortgage beneficiary has been granted a power of attorney to submit the Grazer Damm 2 Properties and the Grazer Damm 2 Borrower to immediate enforcement in relation to the remaining amount. Such power of

attorney will expire upon opening of insolvency proceedings in respect of the relevant German Borrower.

If the German Mortgages are enforced and all or a part of the German Property is sold, the net proceeds of sale (after payment of enforcement costs and expenses payable in connection therewith) will, together with any amount payable to the relevant Borrower on any related insurance contracts (to the extent such amounts may be applied in repayment of the German Loan), be applied against the sums owing from the Borrower to the extent necessary. If the creditor secured by the mortgage applies for a compulsory sale of the property, all rights ranking prior to such creditor will continue to be registered after a compulsory sale, whilst all rights ranking below the creditor will be deleted and satisfied with their claims from the enforcement proceeds after the creditor secured by the mortgage.

(b) *Compulsory Administration*. In a compulsory administration, which can be initiated by the relevant Security Agents immediately after attachment (*Beschlagnahme*) of the relevant property by way of a court order, the court appoints an administrator for the property (*Zwangsverwalter*) to administer such property on behalf of the enforcing creditors. The administrator alone is entitled to receive all income generated from such property, including all rents and insurance claims. The right of the administrator to collect rents takes priority over all other rights to the rental income. The administrator, subject to the supervision of the court, passes the collected monies on to the enforcing creditors after deducting ongoing costs and enforcement costs calculated in accordance with the German Compulsory Administrator Remuneration Act.

The enforcing creditor will receive the interest payments and a certain amortisation of its principal after payment of ongoing costs for the administration of the property and maintenance of the German Property and ongoing public charges relating to the property.

(c) *Distribution of Proceeds*. The proceeds of a compulsory sale or a compulsory administration will be used to pay all claims by allocating them to certain classes. There are eight classes, which rank according to their priority. Creditors whose claims fall within a certain class will only be paid upon satisfaction in full of the claims of creditors of higher classes, e.g. a creditor in class 6 will only be satisfied after all creditors in classes 1-5 have been satisfied.

In a compulsory sale of a German Property (for example an enforcement of the German Mortgages by compulsory sale), the relevant Security Agents will rank in class 4. Class 4 consists of claims resulting from rights relating to the property (for example mortgages), but only to the extent they have not become ineffective *vis-à-vis* the enforcing creditor as a consequence of the attachment of the property, including all claims resulting from such amounts which are payable for a gradual repayment of a debt as an extra charge on the interest payments. Claims resulting from periodic charges, for example, interest, extra charges, administrative costs, annuities are in this class only for ongoing claims and arrears for the last two years.

Therefore, creditors falling into any class ranking higher than class 4 (if any) and creditors having prior-ranking rights in the respective German Property falling into class 4 (including, any existing mortgages relating to a German Property) must be fully satisfied out of the proceeds of the compulsory sale or compulsory administration before amounts can be paid to satisfy the obligations of the Borrower i.e. under the respective Loan Agreement. The claims specified in "classes 1" to "3", i.e. the costs of the proceedings, certain costs incurred in the compulsory administration proceedings, public charges such as development contributions or compensation claims relating to remediation costs incurred by an authority (*Bodenschutzlasten*) and real property taxes etc. always have priority over the claims of the creditor enforcing the German Mortgage.

The right to satisfy claims secured by the mortgage also includes the disbursement of costs triggered by the termination of a mortgage (but does not include costs for acceleration of the claims) and the legal costs. In principle, the claims within each class rank pari passu amongst themselves. However, satisfaction of the claims in class 4 will occur in the order in which such claims rank amongst themselves.

The rights relating to the property in the fourth class are such rights which are registered in the land register relating to the property. A creditor secured by a mortgage forms part of such class. In the case of a compulsory sale, it will be satisfied in such class, to the extent its claim is covered by the nominal value of the mortgage plus interest for the last two years. Depending on the due dates for interest up to three years of interest may effectively be covered. In the case of a compulsory administration, in principle the rules explained above apply. However, in such case, prior to distributing (in the above order) the proceeds resulting from the usage of the property, the ongoing costs and costs of administration and enforcement proceedings will be deducted. In the case of a compulsory administration, only current periodic charges will rank in Class 4 and therefore creditors will not receive any payments before claims falling into Class 4 are fully satisfied. The mortgages will remain in place. Arrears and principal will rank in Class 5.

Pledges over shares. Upon claims under the German Loans becoming due and payable (*Pfandreife*), the relevant Security Agent will be entitled to file with the court the request that the shares pledged under a German law governed share pledge are sold by way of court-supervised public auction (*öffentliche Versteigerung*) or, alternatively, by other methods of sale (e.g. private sale) **provided that** in the case of such other method of sale, the relevant Security Agent and the respective pledgor have made a respective arrangement in relation such a procedure after the pledges have become enforceable (*pfandreif*). In both cases it is required that the statutory waiting period (*Wartefrist*) has elapsed. For the avoidance of doubt, the relevant Security Agent is not required to obtain a legal enforceable instrument (*vollstreckbarer Titel*) prior to any such sales in order to enforce its rights in relation to the pledged shares.

In the case of a public auction, the shares are valued by a court-appointed adviser. Bids must then start at the value so determined. The relevant Security Agent can submit their own bid to purchase the shares and use the sale proceeds (less enforcement costs) towards satisfying the outstanding debt.

The entire process for enforcement of the pledge should take approximately six to sixteen weeks from the application of the relevant Security Agent to the court (but may take longer than that).

Pledges over German Bank Accounts. In order to commence the enforcement procedures in relation to the German-sites accounts which are subject to a pledge, a notice of default to the pledgor would be required. After the expiry of a grace period and a notice to the account bank, the relevant Security Agent would be entitled to immediately demand payment of the monies standing to the credit of the account from the relevant account bank in satisfaction of the outstanding debt. The right of the obligors to operate their bank accounts freely without reference to the Security Agent (if granted) ceases upon the occurrence of any Event of Default in relation to the relevant loan and the delivery of notice to the relevant account bank.

Security Assignment. Prior to any Event of Default, the relevant Security Agent authorises the respective assignor to collect the assigned rights and claims. Upon the occurrence of any Event of Default, the relevant Security Agent is entitled to revoke such authorisation and to arrange for the collection of the assigned receivables on behalf of the secured creditors. The relevant Security Agent is obliged notify the assignor prior to the realisation of the assigned receivables.

Prepayment Fees. Pursuant to Section 489 German Civil Code (*Bürgerliches Gesetzbuch*) any borrower may repay any loan facility with a fixed interest rate (including floating interest rate which is fixed for certain periods of time) at the end of each period for which the interest is fixed, in each case without having to pay contractual penalties or to indemnify the lender for any damages incurred as a consequence of such early repayment.

Pursuant to Section 490 (2) German Civil Code (*Bürgerliches Gesetzbuch*) any borrower may terminate such a loan facility, if it is secured through a land charge, six months after having received full payment by giving three months prior notice, if and where such repayment is in the legitimate interests of the borrower. Where the borrower chooses to so early repay it has to pay a prepayment indemnity (*Vorfälligkeitsentschädigung*) to the lender.

Each of the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan and the Grazer Damm 2 Loan is governed by German law. A prepayment fee clause contained in these loan facilities may be regarded to be in violation of the established practice of the Federal Court of Justice (*Bundesgerichtshof*) of the computation of prepayment indemnities or a hindrance (*Erschwernis*) for the Borrowers' right to prepay, in which case such a clause is void and the borrower may be entitled to demand repayment of the exceeding amount and any financial gains in connection therewith (*Nutzungen*). In this context, it cannot be entirely excluded that a German court would challenge a foreign judgment providing for the payment of prepayment fees pursuant to a fee letter since it might regard the relevant German law position applicable despite the choice of foreign law to govern the Fee Letter as is the case for the Bridge Loan, the Falcon Crest Loan and the E-Shelter Loan.

Over-Collateralisation. In relation to the German Loans pursuant to the rules of German law on taking security, there is a risk that security will be held void and unenforceable if a secured creditor holds security over assets of a value which, at the time the security is taken is disproportionate to the secured debt (*anfängliche Übersicherung*). If over-collateralisation arises subsequently (*nachträgliche Übersicherung*) because part of the secured debt is repaid but the security value remains the same or increases, the security remains valid as such. However, once the realisable value of the security exceeds the debt by more than 10 per cent., the excess security is subject to an obligation to be released by the creditor upon request of the debtor and, if subsequent over-collateralisation is significant, such release would occur automatically so as to reduce the value of the security to 110 per cent. of the secured claims. No assurance can be given as to how a competent court would view the security structure of this transaction; however the Originator believes that the relevant Related Security would not be deemed to be excessive (whether "initially" or "subsequently") as the realisable value of the Related Security is not expected to substantially exceed the amount of debt owed by the German Borrowers to the Issuer.

German Capital Maintenance Rules. The general principle under German capital maintenance rules is that a limited liability company ("**GmbH**") cannot provide upstream or cross-stream guarantees and security for debt incurred by a direct or indirect shareholder of such GmbH in an amount in excess of its net assets. The relevant provisions also apply to a limited partnership whose general partner is a GmbH ("**General Partner**"), in which case the German capital maintenance rules protect the net assets of the General Partner. The German capital maintenance rules do not apply to any security granted by a borrower to secure its own debt or to any guarantee or security provided by a direct or indirect shareholder of the borrower. It has become common German market practice to contractually restrict the enforcement of up-stream and cross-stream guarantees and security granted by a GmbH or by a limited partnership to an amount which does not result in the net assets of the GmbH or General Partner to fall below its stated share capital. Such limitations are included in the Built Loan and in certain security documents securing the Built Loan to the extent a German GmbH or partnership with a limited liability company as general partner ("**GmbH & Co. KG**") is granting security.

As a consequence of the German capital maintenance rules and contractual limitation on the enforcement of up-stream and cross-stream guarantees and security, the enforcement of such guarantees and security (but not of any security granted by a borrower to secure its own debt or to any guarantee or security provided by a direct or indirect shareholder of a German Borrower) may be limited as to their amount such that, upon default by a German Borrower and enforcement of such guarantees and security, the enforcement proceeds of such guarantee and security may fall short of the amount of debt owed by the respective German Borrower to the Issuer. It should, however, be noted that as long as the relevant Security Agent, being a person given the benefit of the security which secures the obligations under the relevant finance documents, and not a direct or indirect shareholder, is not acting in bad faith and collusively to the detriment of the GmbH's/ limited partnership's creditors, such security granted to the relevant Security Agent will not be held void nor will the relevant Security Agent be obliged to repay amounts received thereunder even when the enforcement of such security would result in the net assets of the relevant GmbH or General Partner to fall below its stated share capital. In addition, a GmbH or limited partnership (and their respective managers) would be concerned to ensure compliance with such rules so as to avoid any claims being made against its managers for breach of these rules.

German Federal Data Protection Act (Bundesdatenschutzgesetz). According to the German Federal Data Protection Act, a transfer of a customer's personal data is only permitted if (a) the relevant customer has consented to such transfer, (b) such transfer is permitted by law or (c) such transfer is (i) necessary in order to maintain the legitimate interests of the person storing the data and (ii) there is no reason to believe that the legitimate interests of the customer to prevent the processing and use of data should prevail over such other storer's interests. The German Federal Data Protection Act currently only provides for the protection of data relating to natural persons (including sole traders, professionals and any other natural person including as a partner in a partnership). A violation of the German Data Protection Act can result in fines being passed against the persons (including companies) responsible for such violation and may enable the affected natural persons to assert damage claims (that only if actual damages have occurred) and request deletion of data transferred in violation of the German Data Protection Act from the recipient of such data.

With respect to the security assignment of lease receivables, one could argue that the disclosure of tenant lists to the Security Agents might constitute a breach of the German Federal Data Protection Act on the basis that personal data is transmitted to the Security Agents in the context of the delivery of such list.

German Insolvency Code. Prospective Noteholders should note that the provisions of the German Insolvency Code (*Insolvenzordnung*) (the "**German Insolvency Code**") came into force on 1st January 1999 and consequently, court precedents with respect to these statutes are still only beginning to present a full picture of the interpretation of the German Insolvency Code by the German courts. However, in reliance on a significant body of legal writing, the Originators believe that the security structure established for the benefit of the Noteholders should yield sufficient access to all potential proceeds in an insolvency of a German Borrowers and following the enforcement of the Issuer and that the security package includes substantially all assets of the German Borrowers.

A security assignment of future lease claims for the time after opening of insolvency proceedings will, pursuant to Section 110 of the German Insolvency Code, only be valid to the extent the rental claims for the month in which insolvency proceedings are formally opened or earlier rental claims are concerned. If proceedings are opened after the fifteenth of the month, the security assignment will also be valid for the following month. However, an assignee who is also the mortgagee, may benefit from such claims in the case of enforcement of the mortgage over the relevant property by way of compulsory administration (*Zwangsverwaltung*).

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

Accordingly, in case of insolvency proceedings in respect of an Originator in Germany, the amount of money available to repay the Notes would be reduced at (usually) 9 per cent. plus applicable VAT if the sale and assignment of the Loans by the Originators to the Issuer were to be regarded as a secured lending rather than a receivables sale. The Originators have been advised, however, that the transfer of the Loans would not be construed as an assignment by way of security. Therefore, the Loans would not form part of the insolvency estate of the relevant Originator and the Issuer would have a right to segregation (*Aussonderungsrecht*) of the Loans from the estate of the relevant Originator in the event of its insolvency and, consequently, the cost sharing provisions described above would not apply with respect thereto.

If insolvency proceedings are instituted in respect of any of the Borrowers in Germany the Issuer as owner of the Loans and the Related Security will have a right to preferential satisfaction

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

Pursuant to Section 103 of the German Insolvency Code (*Insolvenzordnung*), if a mutual contract is not, or not completely, fulfilled by both parties at the time of the commencement of insolvency proceedings, then the insolvency administrator has a right to confirm or reject such a mutually unfulfilled contract. To the extent a Loan qualifies as a mutually unfulfilled contract, the insolvency administrator of the relevant Originator (if insolvency proceedings are commenced against such Originator in Germany, which could be the case in relation to Lehman Brothers Bankhaus A.G., London Branch and Lehman Commercial Paper Inc., United Kingdom Branch) would have a right to confirm or reject the Loan and, even if the insolvency administrator confirms the Loan, payments under the Loan which are received/collected by the relevant Originator for time periods after the commencement of the insolvency proceedings could only be demanded by the insolvency administrator for the benefit of the estate of the relevant Originator. In addition, if the insolvency administrator rejects a Loan, the respective Borrower may be entitled to damage claims, which may be netted against the claims of the Issuer under the respective Loan, thereby reducing payment claims of the Issuer against the Borrower.

There is legal uncertainty whether these principles also apply to loan contracts after full disbursement of the loan. Notwithstanding, it appears that it remains the majority view among legal authors that fully disbursed loans are not subject to Section 103 of the German Insolvency Code (*Insolvenzordnung*). According to this view and to the extent fully disbursed Loans are concerned, the commencement of insolvency proceedings would have no adverse legal consequences on the expected cash flows under the Loans which are required to make payments of the Notes. The Originators have confirmed that all the Loans have been disbursed.

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

Under Section 104(2) of the German Insolvency Code (*Insolvenzordnung*), financial transactions which have a market or stock exchange price and which are to be settled on a fixed date will be terminated upon the opening of insolvency proceedings and replaced by a single compensation claim. Such compensation claim will be calculated in accordance with Section 104(3) of the Germany Insolvency Code, which would override any contractually agreed close-out provisions.

German Equitable Subordination. The German rules of equitable subordination apply to claims of a shareholder against the company in which it holds a shareholder interest exceeding a certain threshold. However, such rules may also apply to a lender, due to restrictive covenants in a loan agreement (relating to corporate measures in respect of the borrower, i.e. mergers), so that such lender would be regarded as taking control over the borrower and as being a quasi shareholder of the borrower. In this case, claims of the lender against such borrower may, in an insolvency of the borrower, be subordinated to the claims of other creditors of such borrower. If, as a result of the provisions of any document entered into between a German Borrower and a Finance Party, the respective Finance Party is granted "*de facto*" control of the respective German Borrower in respect of its management and/or business decisions, that Finance Party could be treated as being in a position similar to that of a shareholder of the respective German Borrower with the result that its claims against the respective German Borrower may be subordinated upon the insolvency of the German Borrower. Whether or not the exercise and enforcement of its rights under such document by the relevant Finance Party constitutes taking control (for example, sole signing rights of the respective Finance Party) is a matter of fact.

Even though there is no established case law directly relevant to a transaction of this type, and a competent court may take a different view, the Originators believe that the likelihood of (a) the respective Finance Party being treated as being in a position similar to that of a shareholder of a German Borrower and (b) the Finance Party's claims against the German Borrower being subordinated, will be substantially reduced if the Finance Party accelerates (if and to the extent permissible by the relevant document) and enforces its rights to payment and its rights in respect of the German Related Security as and when they arise.

Restrictions Applying to General Terms and Conditions. As presumably most of the lease agreements in place in relation to the German Properties are based on general terms and conditions (*Allgemeine Geschäftsbedingungen*) the statutory limitations for such provisions apply. In particular, a contractual clause can be declared void if it significantly deviates from the statutory law to the disadvantage of the tenant. As the statutory law regime and jurisprudence are generally favourable for the tenant, non-compliance with legal requirements may have a negative impact on the relevant Borrower's legal position *vis-à-vis* the tenant. The Legal Due Diligence Reports do not comprise a detailed analysis of this issue. It is not unusual for lease agreements in Germany to contain violations of the statutory provisions on general business terms and conditions of the nature described in this section. Some lease agreements, which may be considered as general terms and conditions, stipulate that the relevant landlord's liability under the lease agreement shall be limited to intent (*Vorsatz*) and gross negligence (*Grobe Fahrlässigkeit*). Various clauses are void and the landlord would therefore be liable without limitation as the relevant lease agreements do not stipulate that the limitation of liability does not apply to personal damages. See paragraphs "*Non-recoverable Ancillary Charges*", "*Risks relating to Residential Properties and Repairing Obligations"* below.

Rent Review and Rent Reductions. Most of the commercial leases provide for an indexation of rent which is usually based on the variation of a consumer price index. An automatic indexation is only legally permitted if the clause provides not only for rent increases but also for decreases. Index clauses may require a consent of an authority if the lease's term is less than ten years. There are instances where the consent requirements apply without the relevant consents being available. Therefore, the relevant Borrower may not be legally entitled to receive the rent increases applying during the lease's term and to claim future rent increases. The relevant tenant may also claim repayment of amounts paid due to invalid rent increases. In various commercial lease agreements, the relevant variation of the rent is limited to a certain percentage of the variation of the index or periods during which no indexation shall occur are agreed. Furthermore, application of a rent review may require prior notice and therefore a retroactive adjustment may be excluded. There can be no assurance that rent increases in accordance with the market rents apply and also rent decreases cannot be excluded.

In certain instances the parties to the lease agreement may have implicitly agreed to replace an index not published anymore by a more recent one. If this agreement has not been made in written form, this may constitute a written form defect as the agreement on the rent if not fully reflected in written form (see below "*Early Termination of German Leases due to Defects with Regard to the Requirements of Written Form*").

In some lease agreements for the Firebird Properties the landlord has agreed to reduce rent for a certain period of time. As this rent free periods may also be in the future, the relevant Firebird Borrower may suffer a reduced rental income.

See "*Risks Relating to Residential Properties*" below for the relevant Borrower's ability to increase rents under residential leases.

Set-Off, Retention or Reduction of Rental Payments. It is possible that a tenant may seek to set-off (*aufrechnen*), retain (*zurückbehalten*) or reduce (*mindern*) part or all of its rent in the event that there is a dispute between a Borrower and such tenant, or if a Borrower breaches the tenant's rights of quiet enjoyment, or if the Borrower fails to meet its obligation to keep the relevant German Property in good repair. The exercise of such a right to set-off or to reduce the rent would, if exercised across a significant number of German Properties, reduce the amount of net rental income available to meet the debt service obligations of the relevant Borrower. As a reduction of the rent in

case of a defect of the lease object applies by operation of law, a tenant may also be entitled to claim repayment of rents already paid to a Borrower under certain circumstances. Many lease agreement contain clauses aiming to limit the tenants' rights which, however, may not or not be fully valid in various instances.

Restrictions under German Planning Law. Under German planning law, the competent building authority may enact by-laws which are in particular intended to ensure a proposed redevelopment project or to preserve the existing urban or residential structures. This means that the sale, encumbrance and letting of German Properties situated in such areas as well as reconstruction and refurbishment measures or the founding or proprietary are subject to special permits by the building authorities. As a consequence, reconstruction or refurbishment measures as well as letting, the sale or encumbrance of apartments may be delayed or even prevented. In relation to a Firebird Property, the relevant authority has denied its consent and the relevant property has been taken out of the acquisition. Relevant lease and other agreements or legal acts entered into without a consent being available are void. Furthermore, the authority may in particular be entitled to claim from a Borrower a compensation fee (*Ausgleichsbetrag*) to compensate expenditures incurred.

Certain Falcon Crest Properties, a Firebird Property and Thunderbird Properties are located in relevant areas. For other German Properties, the Legal Due Diligence Reports do not contain information. No evidence was available as to whether consents were required and granted for the relevant leases.

Development Costs and Other Fees under German Public Law. Building authorities may decide to further develop certain areas of a city and public areas and installations, including in respect of the construction of new streets or pavements. The respective costs will then be charged to the adjacent or otherwise profiting property owners. There can be no assurance whether such costs are payable by the Borrowers or will become payable for developments which are completed, have been commenced or will be carried out. See "*Enforcement of German Mortgages under German Law*" above.

Non-compliance Issues under German Public Law. Buildings have to be constructed and maintained in accordance with the respective building permit and other applicable German public law. In case of non-compliance with the building permits the competent authorities may make an administrative order requiring that the necessary action is taken to comply with the permit. If the non-compliance poses a threat to the occupants of the respective building, the authority can also issue an order prohibiting the future use of the building or parts thereof. In particular, under the relevant building permits the availability of a certain number of parking lots may be required and a shortfall may be sanctioned, e.g. by requiring compensation payments. Defects of German Properties which may represent non-compliance issues have been identified in the Legal Due Diligence Reports in relation to certain Bridge Properties. Settling of such issues may lead to significant costs to be incurred by the relevant German Borrower and under certain circumstances a tenant may be entitled to reduce or withhold rental payments, to claim damages or to terminate a lease agreement.

German Tax Considerations Related to the Borrowers. Each borrower under the German Loans (a "**German Borrower**") is liable for ongoing real property tax (*Grundsteuer*) on its real property. However, in general, the real property tax due will be predominantly recoverable from the tenants under the terms of their leases, as the real property tax is part of the costs which can be allocated to the tenants according to special provisions. However, there is a risk that the real property tax allocated to the tenants cannot be fully recovered due to, *inter alia*, vacancy or non payment of amounts due by the tenants. It cannot be excluded that in lease agreements real property tax is not agreed to be chargeable to the tenants. In these cases, real property tax may not be recoverable.

Irrespective of whether the German Borrowers are German tax residents the income from their German Properties is subject to German corporate income tax (the "**CIT**") (*Körperschaftsteuer*). The CIT rate currently amounts to 26.375 per cent. (including solidarity surcharge (*Solidaritätszuschlag*)). If a German Borrower is a non-German tax resident its rental income might also be subject to tax in the country in which it is a tax resident. However, a double

taxation of rental income from its Properties is excluded if a double tax treaty between the country in which the non-German Borrower is a tax resident and Germany is in place, the German Borrower qualifies for treaty protection and one of these two countries waived the right to tax such rental income.

Whether German Borrowers, which do not have their legal seat in Germany, are regarded as German tax resident persons, mainly depends upon, where their day-to-day management will be exercised, which is ultimately a matter of facts. To the extent the German Borrowers are German tax residents or maintain a German permanent establishment their income is, in principle, subject to German trade tax (the "**German TT**") (*Gewerbesteuer*). Since the German TT is a local tax, the German TT rates differ from municipality to municipality in a range of 10 per cent. to 20 per cent.. For German TT purposes only 50 per cent. of interest payable pursuant to the relevant German Loan can be deducted from the income. However, for Borrowers with income predominantly from leasing and letting of real property, an exemption from TT is available under certain circumstances. If a Borrower qualifies for this exemption only the income from leasing or letting but not the income from other sources is German TT exempt. The sale of German Properties or other activities (such as leasing or letting of fixtures) of the Borrowers could have the consequences that the exemption will be denied.

The deductibility of interest payable under the German Loans might also be restricted by other German tax rules, e.g. the German thin capitalisation rules, both for CIT and German TT purposes. It has to be noted that currently the interpretation and application of the German thin capitalisation rules is mainly based on certain tax decrees issued by the German tax administration and it can not be excluded that such tax decrees will be withdrawn by the German tax administration or may not be accepted by German fiscal courts.

If a German Borrower qualifies as a partnership from a German tax perspective such German Borrower is not subject to German corporation tax, but its profit -separately assessed- is allocated to its partners for German corporation tax purposes. If such German Borrower qualifying as a partnership is a business (*Gewerbebetrieb*) for German TT purposes, then such profit (subject to certain particular adjustments under German TT law) is subject to German TT.

In Germany so-called minimum taxation rules exist, which might restrict the use of loss carry forwards and pursuant to which such losses can be carried forward for an indefinite period of time, but only used up to an amount of EUR 1 million per year without any restriction and any amount exceeding EUR 1 million is only to 60 per cent. off-settable against profit in any calendar year/ assessment period.

Proposed German Tax Reform. An official draft with regard to the so called "business tax reform 2008" has been released. The draft will serve as the basis for a political discussion and it is not foreseeable if and to what extent such proposals will be actually implemented. It has to be noted that under German trade tax law pursuant to such draft the "long-term debt"-system will be abolished and replaced by a system of partial non-deductibility not only of interest payable under "long-term debt", but also on interest in general (i.e. also on "**short-term**" debt), leasing payments and license fees. However, whereas under the current system 50 per cent. of the interest payments are not deductible, under the new system only 25 per cent. of the interest payments would not be tax deductible for trade tax purposes (irrespective whether paid under long-term debt or not).

Furthermore, an "**interest cap rule**" is proposed in the draft tax law, which applies both for corporation tax purposes and for trade tax purposes: According to this new proposal, interest expenses of a taxpayer will be deductible (a) to the extent they do not exceed the interest income of such taxpayer in the same fiscal year and (b) the exceeding interest expenses ("**Annual Negative Interest Balance**", "**ANIB**") are only deductible up to 30 per cent. of the sum of the taxable profit (determined without having regard to the "interest cap rule") of the taxpayer in the respective fiscal year and the amount of ANIB. With regard to the German Borrowers this would mean that the deductibility of the interest payable under the German Loans could be restricted further due to this new tax rule.

If the taxpayer (i.e. under the respective transaction the respective German Borrower) is consolidated for accounting purposes (e.g. for IFRS or German GAAP purposes), the above restrictions do not apply, if

(i) ANIB does not exceed EUR 1 million (so called "**Threshold**") whereby the restrictions apply to the entire amount of ANIB, if ANIB exceeds EUR 1 million; or

(ii) the taxpayer's equity ratio equals or exceeds the equity ratio of the group (consolidated balance sheet of the group is relevant and the relevant date is the end of the preceding financial year).

Therefore, the respective German Borrowers falls outside the scope of the new interest cap rule, if the relevant equity ratio of the respective German Borrowers is not lower than the equity ratio at group level or if the equity ratio of the respective German Borrower falls short of the equity ratio of the group by only up to 1 per cent. (*de-minimis-rule*).

It has to be noted that the carve-out rule as outlined in (ii) above requires that there is evidence that not more than 10 per cent. of the ANIB is paid under inter-company debt or third party debt which is regarded as comparable with inter-company debt as understood under the draft notes. It is not clear whether cross-collateralisation under the respective structure of each German Loan is detrimental for the application of the exemption under (ii) above, and it is also not clear what "inter-company debt" as stated in the preceding sentence exactly means.

That part of ANIB, which is not deductible pursuant to the new "interest cap rule", can be carried forward and - subject to the above rules - be deducted in the following years.

The interest expenses, which according to the new rules cannot be deducted, increase the taxable profit of the respective German Borrower for corporation tax and -if applicable- for trade tax purposes.

Furthermore, it has to be noted that pursuant to the draft tax law trade tax is no longer tax deductible for corporation tax purposes.

As a tax decreasing measure it is planned to decrease both the German corporation tax rate and a specific multiplier, which is relevant in order to determine the applicable trade tax rate.

It has to be noted that many uncertainties exist in relation to the interpretation and the application of the interest cap rule. Therefore, it can not be excluded that the interest cap rule is applied differently than mentioned above.

Transfer Taxes. The sale and the acquisition of German real estate is, in general, subject to German Real Estate Transfer Tax (*Grunderwerbsteuer*) (the "**RETT**"). The RETT rate amounts to 3.5 per cent. of the agreed purchase price. However, the federal states could determinate a separate RETT rate in the future, e.g. in Berlin, the RETT rate amounts to 4.5 per cent. In the case the shares (or the partnership interest) in a Borrower which is the owner of German Properties are subject to a compulsory sale by public auction, the Borrower has in certain cases to bear the RETT. If German real estate is sold in a private sale the parties agree typically that the purchaser has to bear the RETT. However, pursuant to German tax law the seller and the purchaser are, in principle, jointly and severally liable for the RETT triggered by a private sale.

In general, a recovery of input-VAT on services received from other entities is possible only if and to the extent that the German Borrowers provide services that are subject to German VAT (*Umsatzsteuer*). In this context, Section 15a of the German Value Added Tax Act (*Umsatzsteuergesetz*) (the "**German VAT Act**") stipulates a scheme to correct or amend German input-VAT on services received if the German VAT treatment of services performed changes. If a Borrower sells a Property within a period of ten years after its acquisition the Borrower has to repay the German input-VAT pro rata temporis if it had a claim on German input-VAT when it acquired the relevant German Property. To the extent the activities of the Borrowers are focused on leasing real property to tenants for residential purposes their rental income is German VAT exempt without

having the option to waive such exemption. In that case the relevant Borrower has no claim on German input-VAT so that there is no risk that the Borrower has to repay German input-VAT if the German VAT treatment of the services performed changes within the German VAT clawback period.

German tax considerations related to the Issuer. Based on the fact that the day-to-day management of the Issuer will not be performed in Germany, the Issuer, incorporated in Ireland on 5 March 2007 as a private limited company with its registered office at First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, is not tax-resident in Germany for German CIT purposes as neither its statutory seat nor its place of effective management and control is located in Germany and thus will not be subject to unlimited corporate income tax liability in Germany. Though the business activities of the Issuer, which are executed on its behalf by the Corporate Services Provider and/or the Master Servicer/Special Servicer, should not create a taxable presence by virtue of a permanent agency in Germany, the Issuer will be subject to limited corporate income tax liability by virtue of earning interest secured by Mortgages on the Borrower's German based real property according to Sec. 2 no. 1 of the German Corporation Income Tax Act (*Körperschaftsteuergesetz*) and Sec. 49 para 1 no. 5 lit. c) aa) German Income Tax Act (*Einkommensteuergesetz*). However, based on the reasons as set out above, the Originator believes that the Issuer is resident in Ireland for tax purposes such that it enjoys tax treaty protection according to the double tax treaty between Germany and Ireland currently in force. Article VII of the aforementioned double taxation treaty assigns the exclusive right to impose (corporate) income tax on interest income to the country of residence of the owner of such interest income, i.e. Ireland. The term "interest" in the context of Article VII means interest on bonds, securities, notes, debentures or any other form of indebtedness whether or not secured by mortgages. Germany as the country of source under the Irish-German double taxation treaty has forfeited its right to tax interest income. The entitlement of the Issuer to claim the benefits under the Irish-German double taxation treaty might be restricted due to the German treaty-override provisions and general substance requirements.

In principle, if the interest payments to be made under the German Mortgages Loans are not subject to German tax the payments are also not subject to German withholding tax. However, to eliminate any withholding tax applicable on the Issuer's interest income from the respective German Loan, the Issuer is obliged to file an annual tax return in Germany.

Based on the reasons as set out above, the Issuer is not a tax-resident in Germany for German TT purposes as neither its statutory seat nor its place of effective management and control is located in Germany. In addition, the business activities of the Issuer, which are executed by the Corporate Services Provider and/or the Master Servicer/Special Servicer, should not create a permanent establishment in Germany and thus the Issuer should not be subject to trade tax in Germany.

Since the Originators are not German tax residents the acquisition of the German Loans is not subject to German VAT. In addition, the other Issuer's business activities are German VAT exempt in Germany. German VAT exempt activities generally do not allow for the recovery of German input-VAT relating to services received from other entities. Thus, the Issuer is not entitled to recover German input-VAT (if any but including German VAT payable by the Issuer on the reverse charge basis) imposed on supplies received from other parties.

2. **The Netherlands**

Right of leasehold (erfpacht) in The Netherlands. Title to certain of the Dutch Properties is held under a right of leasehold (*erfpacht*). A right of leasehold will terminate, *inter alia*, as a result of expiration of the right of leasehold term (in case of lease for a fixed period), or termination of the right of leasehold by the leaseholder or the landowner. The landowner can terminate the right of leasehold if the leaseholder has not paid the ground rent (*canon*) agreed under the long lease for a period exceeding two consecutive years or seriously breaches other obligations under the right of leasehold. In case the right of leasehold ends, the landowner will have the obligation to compensate the leaseholder, such compensation to be calculated in accordance with the applicable rules of Netherlands law. In such event a mortgage right vested in a right of leasehold will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner

for such compensation. The amount of the compensation will be determined by, amongst other things, the conditions of the right of leasehold and may be less than the market value of the right of leasehold. Furthermore, the alienation or encumbrance of a right of leasehold may be subject to approval by the owner. However, such approval would not be required in the event of a foreclosure of any security in respect of the relevant Dutch Property.

Right of superficies (opstalrecht) in The Netherlands. Title to certain of the Dutch Properties is held under a right of superficies (*opstalrecht*). The person holding a right of superficies does not have any ownership right in respect of the land but does give that person full ownership rights (until the expiry date of such right of superficies) in respect of the buildings located on that land. If a right of superficies is granted for a fixed period then it will automatically expire at the end of that period. In addition, if a person holds a right of superficies, then that person must comply with the terms and conditions of that right of superficies. Such terms and conditions could include the payment of fees (*retributie*). If that person fails to pay such fees for two consecutive years or seriously fails in the performance of its other obligations under such terms and conditions, the owner may be entitled to terminate that right of superficies. However, it is common for the fees payable in respect of a right of superficies to be bought off for a specific period of time. In case the right of superficies ends, the owner will have the obligation to compensate the holder of the right of superficies, such compensation to be calculated in accordance with the applicable rules of Netherlands law. In such event a mortgage right vested in a right of superficies will, by operation of law, be replaced by a right of pledge on the claim of the (former) holder of the right of superficies against the owner for such compensation. The amount of the compensation will be determined by, amongst other things, the conditions of the right of superficies and may be less than the market value of the right of superficies. Furthermore, the alienation or encumbrance of a right of superficies may be subject to approval by the owner. However, such approval would not be required in the event of a foreclosure of any security in respect of such property.

Association of property owners (vereniging van eigenaren). Under Netherlands law, a right of ownership, right of leasehold or a right of superficies can be divided into a number of apartment rights (*appartementsrechten*). An apartment right gives the holder of that right a share in the divided estate with the exclusive right to use certain parts of the property and a right to use the communal parts of the property. A holder of an apartment right is entitled to grant security (e.g. a mortgage) in respect of that apartment right located in The Netherlands.

The holders of apartment rights in any Dutch Property will, by operation of law, form an association of owners (*vereniging van eigenaren*). The holders of apartment rights usually pay a periodic amount to the association of owners as a contribution to, *inter alia*, the costs of insurance for the entire building. A potential disadvantage of an association of owners is that decisions with respect to the entire property e.g. with respect to insurance or structural maintenance and improvements must be taken based on a vote by the members of the association of owners. Consequently, it is possible that decisions taken by the board of such association of owners may not be the same as if the Borrower had direct control of the relevant Dutch Property.

Parallel Debt. Because it is uncertain under Dutch law whether a security right can be validly created in favour of a party that is not the creditor of the claim which the security right purports to secure, the Obligors have in the Dutch Loans, as a separate and independent obligation undertaken to pay to the relevant Borrower security trustee amounts equal to the amounts due by it to the Lenders and other parties under the Dutch Loans. Such an arrangement is commonly referred to as a "parallel debt" arrangement. The Issuer has been advised that such a parallel debt creates a claim of the relevant Borrower security trustee against the relevant Obligor which can be secured by a right of pledge or right of mortgage such as the rights of pledge and rights of mortgage created under the Dutch Security Documents.

Implications of Insolvency. Netherlands law recognises two types of insolvency proceedings:

(a) suspension of payments (*surseance van betaling*). This is an insolvency regime focussed on rehabilitation of the debtor. If a suspension of payments is granted, the relevant debtor is

given temporary relief from its creditors' claims in order that it may reorganise and rehabilitate its business; and

(b) bankruptcy (*faillissement*). If a debtor is declared by the court, it's assets are liquidated in order to pay its creditors. Bankruptcy is an insolvency regime focussed on satisfying the claims of creditors rather than the rehabilitation of the debtor.

Under Netherlands law, secured creditors should in principal not be prejudiced by the commencement of either form of insolvency proceeding. However, a secured creditor may be prejudiced if, in the context of a bankruptcy or a suspension of payments in certain respects, the most important of which are:

(i) in respect of rights of pledge over rights and receivables, payments received by the security provider prior to notification of the relevant debtor of such rights of pledge or termination of the authorisation given by the security holder to the security provider to collect payment of these rights and receivables after bankruptcy or suspension of payments of the security provider will be part of the bankrupt estate of the security provider, albeit that the security holder will be entitled to such amounts by preference after deduction of general bankruptcy costs (*algemene faillissementskosten*);

(ii) a mandatory a statutory stay of execution ("*cooling-off period*") of two months, with a possible extension by at the most two more months, (and if bankruptcy immediately follows a suspension of payments, the total period may in theory be a maximum of eight months) may apply in case of bankruptcy or suspension of payments of the security provider, which may delay the exercise of the security rights (the authority to collect any rights and receivables by the security holder would not be delayed or affected by the cooling off period); and

(iii) the security holder may be obliged to enforce its security rights within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the security provider. If the security holder, however, fails to do so within such reasonable period of time, the receiver may sell the assets himself in the manner provided for in the Dutch Bankruptcy Code. The security holder will still be entitled to the proceeds of such foreclosure by preference but only after deduction of general bankruptcy costs and subject to the satisfaction of higher-ranking claims of creditors.

Netherlands law recognises the principle that, under certain circumstances, transactions entered into by a debtor prior to the onset of insolvency can be set aside or invalidated. Such avoidance may occur as a result of an *actio pauliana* under Netherlands law.

For there to be an *actio pauliana* in respect of voluntary legal acts by a debtor, the following conditions must be satisfied: (i) there must be a legal act by the debtor, (ii) such legal act must have been conducted by the debtor voluntarily, (iii) as a consequence of the relevant legal act, the other creditors of the debtor must suffer prejudice, (iv) the debtor must have knowledge of the prejudice to which other creditors are exposed, and (v) in the event that the debtor receives any consideration for performing the legal act, the debtor's counterparty in respect of that act must also have knowledge of the prejudice to other creditors.

For there to be an *actio pauliana* in respect of obligatory (as opposed to voluntary) legal acts by a debtor, the following conditions must be satisfied: (i) there must be a legal act by the debtor, (ii) the performance of such legal act by the debtor must be obligatory, (iii) as a consequence of the relevant legal act, the other creditors of the debtor must suffer prejudice, and (iv) the person receiving the payment must know that the insolvency of the debtor had been requested or the payment resulted from the conspiracy between the debtor and the person receiving the payment aimed at preferring the interest of that person over the interests of other creditors of the debtor.

Enforcement of Dutch Security

Introduction. The Dutch Loans are secured by, *inter alia*, mortgages granted over commercial properties located in The Netherlands, pledges granted over receivables in relation to such commercial properties and pledges over the shares in the relevant obligors. Such security interests were created and perfected under Netherlands law. As such, Dutch will have an impact upon the process by which such security is enforced.

Enforcement of mortgages under Netherlands law. Under Netherlands law, the enforcement of a mortgage (*recht van hypotheek*) over real property is, as a general rule, effected by way of a public auction undertaken before a civil law notary. Unless otherwise agreed between parties, the mortgagee is obliged to notify the mortgagor and any other persons who may be involved, of the fact that it wishes to enforce the mortgage by way of a public auction. Following this notification, the notary will proceed to set the date, time and place of the auction, at which the Property will be sold to the highest bidder.

From a timing perspective, there are certain limitations to take into account under Netherlands law in respect of the foreclosure procedure of a right of mortgage over real property. In addition to the possible mandatory cooling off period, which is described above, the following periods apply which cannot be waived.

It is common practice in The Netherlands that a foreclosure procedure is organised and managed by a Dutch civil law notary, in front of whom the property or properties will then also be transferred pursuant to a notarial deed. Prior to a public sale, a notice will have to be sent announcing the foreclosure sale to the security provider and any other security holders. This notice has to be sent by a court bailiff (*gerechtsdeurwaarder*), containing the proposed date of the public sale, the amount of the outstanding secured obligations and the name of the notary who organises the public sale. Under Netherlands law, there must be a period of thirty days between the proposed date of the public sale and the date of the notice. In practice, this period will take longer (approximately six to eight weeks, subject to special circumstances). In this period the mortgagee or the mortgagor could request the Dutch preliminary relief judge to approve a private sale of the Property. If such request is rejected a new date for the public foreclosure sale will have to be set within a period of 14 days. This would however cause a further delay.

If there is furthermore a dispute in respect of the application of the foreclosure proceeds, further delays could occur due to the fact that in that case, as with respect to the allocation of foreclosure proceeds of rights of pledge, a statutory allocation procedure will have to be followed.

The sale may only take the form of a private sale with the prior approval of a preliminary relief judge. When asking the preliminary relief judge's approval the security holder will have to make clear that a private sale would result in higher foreclosure proceeds than a public sale and that there are no other parties who are likely to offer a better price under similar conditions.

Enforcement of Share Pledges under Dutch Law. Under Netherlands law, the enforcement of a pledge over shares in the capital of a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*; a "**Dutch B.V.**") is, as a general rule, effected by way of a public auction. Unless otherwise agreed, the pledgee is obliged to notify the pledgor and any other persons who may be involved, of the fact that it wishes to enforce the pledge by way of a public auction. The sale may only take the form of a private sale with the prior approval of a preliminary relief judge. When asking the preliminary relief judge's approval the security holder will have to make clear that a private sale would result in higher foreclosure proceeds than a public sale and that there are no other parties who are likely to offer a better price under similar conditions. The court approval is discretionary but is likely to be granted if the proceeds of the private sale are likely to be higher than the proceeds that would have been received if the assets were sold at a public auction.

From a timing perspective, there are certain relevant limitations to take into account under Dutch law in respect of the foreclosure procedure of a right of pledge over shares in a Dutch B.V. In addition to the possible mandatory cooling-off period, it is noted that the articles of association of a

Dutch B.V. will in principle have to contain a mandatory blocking clause in respect of a sale (including but not limited to a foreclosure sale) of the shares in its capital to third parties. Such blocking clause would generally require the consent of the general meeting of shareholders and/or provide for a right of first refusal for any co-shareholders of a Dutch B.V. Compliance with such blocking-clause may cause delays in enforcing the pledged shares in case there are (other) holders of shares in the capital of such Dutch B.V., which shares have not also been pledged to the same secured creditor. According to the relevant share pledge agreements in relation to the Dutch Loans whereby all issued shares in the capital of the relevant Obligors, as well as the Tresforte Parent, have been pledged. This means that such blocking clauses could in principle not cause any such delays. Furthermore, If there is furthermore a dispute in respect of the application of the foreclosure proceeds, further delays could occur due to the fact that in that case, as with respect to the allocation of foreclosure proceeds of rights of pledge, a statutory allocation procedure will have to be followed.

Furthermore, in respect of a foreclosure sale of shares in a Dutch B.V., Dutch securities laws and regulations may also apply.

Enforcement of Pledges of Receivables under Netherlands law. Under Netherlands law, a pledge of receivables (including, in the context of the Dutch Loan, rental receivables arising under occupational leases) may take the form of (i) a disclosed right of pledge (*openbaar pandrecht*), which is a pledge which is notified to the underlying debtor) or (ii) an undisclosed right of pledge (*stil pandrecht*), which is a pledge which is not notified to the underlying debtor.

For an undisclosed pledge, registration of the pledge is required with the tax authorities in The Netherlands, for the purposes of establishing the priority of the pledge.

A pledge of receivables is only effective if the pledgor has the power to dispose of the receivables at the time they are pledged. This limits the ability of a debtor to pledge in advance receivables arising in the future. If the pledgor is insolvent once the receivables actually arise, the pledgor will not have the right to dispose of the receivables and the receivables will therefore not be subject to the pledge.

A pledge of receivables can be foreclosed upon under Netherlands law by way of collection of the related payment either through (i) in respect of undisclosed rights of pledge, a notification of the account debtor of these receivables of such rights of pledge, or (ii) respect of disclosed rights of pledge, termination of the authorisation that may have been given by the pledgee to the pledgor to collect payment of these rights and receivables, after which the account debtor can only discharge its obligations by paying to or to the order of the pledgee.

An alternative way to enforce these security rights would be to sell these rights and receivables in a foreclosure sale. This sale must take the form of a public sale unless the approval of the court is obtained for a private sale to occur, which could cause delay. If there is a dispute in respect of the application of the foreclosure proceeds, a delay could occur due to the fact that in that case a statutory allocation procedure will have to be followed. When asking the court's approval the security holder will have to make clear that the private sale would result in higher foreclosure proceeds than a public sale and that there are no other parties who are likely to offer a better price under similar conditions. However, a foreclosure of security rights on rights and receivables by way of a foreclosure sale is not very common in The Netherlands.

Limitations on security over future receivables. Under certain Dutch pledge agreements, the relevant obligors have granted a rights of pledge over their lease receivables under the lease agreements in relation to certain Dutch Properties. However, under Netherlands law, there are certain restrictions on the ability to pledge future assets. In particular, if a company is declared bankrupt (*failliet verklaard*) or is granted a suspension of payments (*surseance van betaling*), certain future assets of that company, including lease receivables, will not form part of the security package but will form part of the bankrupt estate which is available to all creditors. This means that if a secured party has any remaining claims after the proceeds of its other secured assets have been fully used, such claims will rank *pari passu* with all unsecured claims but behind the costs of bankruptcy and certain preferred claims e.g. tax claims. This is the case even if the lease amounts are paid into a bank account which is also pledged.

The above would also apply with respect to any other amounts that are paid into the account, which have been pledged under certain Dutch pledge agreements, following bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*) with respect to the relevant pledgor. As crediting of such accounts would not yet have occurred when the bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*) with respect to the relevant pledgor takes effect, the resulting receivable of the pledgor *vis-à-vis* the bank by which the relevant account is held would qualify as a future asset as abovementioned.

In addition, under certain Dutch pledge agreements, the relevant obligors have granted rights of pledge on the rights under insurance policies in relation to certain Dutch Properties. Such rights under insurance policies may also qualify as future receivables. If such rights were to be qualified as a future receivable and such amounts become due and payable after the relevant Obligor's bankruptcy (*failissement*) or suspension of payments (*surseance van betaling*), it will not be subject to the rights of pledge established over these rights under insurance policies as with any assets that are acquired or come into existence after bankruptcy (*faillissement*) or suspension of payments (*surseance van betaling*) of the relevant obligor.

Under Netherlands law this risk is mitigated because a holder of a right of mortgage over an asset will by operation of law have a right of pledge and priority over any claims for compensation, including insurance claims, which come in place of that asset. In particular, the security trustee under the Dutch Loans, as the holder of a first ranking right of mortgage over the relevant Dutch Property will by operation of law have a pledge over any insurance claims in respect of such properties. Since this security will come into existence by operation of law it will not be subject to the insolvency risk described above.

Dutch Planning Legislation. Under Netherlands law, a municipality can take enforcement actions in case the use of a Dutch Property situated within its municipal boundaries is in discrepancy with the designated use in the zoning plan, also in case of a period of tolerance of such use by the municipality. The relevant Borrower may incur costs in relation to such enforcement actions and such enforcement actions may adversely affect market value of the relevant Property and thereby increase the possibility that the relevant Borrower and any other obligors under the Dutch Loans secured by such Property will be unable to meet their obligations under such Dutch Loans.

3. **Switzerland**

Enforcement of Security in Switzerland (prior to administration or bankruptcy)

General Overview. The vast majority of the bankruptcy and insolvency provisions in Swiss law are encompassed in the Swiss Debt Collection and Bankruptcy Act of April 11, 1889, which was substantially revised in 1997 (hereafter "**DCBA**" or "**the Act**"). As its name indicates, the Act codifies the law with respect to enforcement procedures and insolvency procedures.

The Act provides for different procedures for collecting pecuniary debts and enforcing security interests against collateral. Distinctions among the procedures are based on, among other factors, whether the obligation is secured or unsecured, or whether the debtor is registered in the Commercial Register (*Handelsregister*) in a specified form and thus subject to the bankruptcy provisions of the DCBA. However, all procedural tracks are initiated in basically the same way, either by one or by several creditors.

If a secured creditor enforces the security granted to him, this will not automatically result in the debtor falling into bankruptcy. However, in case the debtor becomes bankrupt, the procedure as described in this section no longer applies but rather the procedure as outlined under the below section titled "Insolvency in Switzerland and enforcement of security following bankruptcy".

If the debtor is a foreign legal entity not registered in any Swiss Commercial Register (*Handelsregister*), it can only be subject to enforcement proceedings in Switzerland for unsecured obligations, if it has contractually elected and agreed upon a special domicile (*Spezialdomizil*) in Switzerland for the performance of such obligation in accordance with Article 50 DCBA.

Enforcement of the Mortgage Notes. Mortgage rights such as *Schuldbriefe* enable the creditor to recuperate the financial claim from the realised value of the property as of the due redemption date, should the claim not have been redeemed as of the due date. The proceeds of the realisation are employed to satisfy the mortgage creditors in the sequence of their rankings. When a mortgage creditor in a superior ranking fails to be fully satisfied from the proceeds of a realisation, the mortgage creditors in the inferior rankings obtain no redemption. Not only is the capital amount of the financial claim covered by the proceeds from the realisation of a property, but so are the costs of enforced execution and the interest charges on overdue payments as well as certain unpaid interest charges.

Introductory Phase (Einleitungsverfahren). If the obligation is secured by a mortgage note, the creditor first has to file an application for commencement of enforcement proceedings against the debtor with the Enforcement Office (*Betreibungsamt*) at the office where the relevant real estate is located, regardless of whether or not the debtor is registered in the Commercial Register (*Handelsregister*) or has elected a special domicile (*Spezialdomizil*) in Switzerland. According to Swiss law, the creditor's claims for repayment of the loan are barred by statute of limitations after ten years, the claims for interest after five years. By means of filing the application for commencement of enforcement proceedings the running of the statute of limitations stays and will start again for the same periods. The Enforcement Office will then serve the debtor with the payment order (*Zahlungsbefehl*, hereinafter, Payment Order). If the owner is not identical with the debtor, the owner must also be served with a Payment Order. The Payment Order provides for a payment period of six months. This means, that the creditor may, in any case, request the realisation of the mortgaged real estate only upon the lapse of such six months period. There is virtually no material assessment of the claim at this stage. Regardless of the six month period mentioned above, the debtor may within ten days upon having been served with the Payment Order, file an objection (*Rechtsvorschlag*) to bring the procedure to a halt and obtain an individual stay of proceedings. No reasons need to be given for the objection. The Enforcement Office notifies the creditor of the objection. It should be noted that the objection is made in most debt enforcement matters.

If the claim is based on an enforceable judgment of a Swiss or foreign court, the creditor can thereafter without any further delay file an application to lift this stay with the court (*Rechtsöffnungsbegehren).* In case the claim is not based on an enforceable judgement, but on a certified and/or signed document such as a duly effectuated mortgage note evidencing the claim, the lifting of such stay can only be obtained provisionally in summary proceedings (*provisorische Rechtsöffnung*). The duration of such proceedings depends on the workload of the respective court, but in general takes between two to four months. In the event the objection is set aside in summary proceedings, the debtor may within 20 days bring an action in ordinary court proceedings for a declaration that the creditor's claim does not exist (*Aberkennungsklage*). If at least one of the parties to the claim has its domicile in a country which is a member state of the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters of 16 September 1988 (the "Lugano Convention"), and has agreed that any other court, such as the courts of England, shall have exclusive jurisdiction to settle any dispute arising out or in connection with the relevant facility agreement, the debtor must submit its claim to the jurisdiction of the English Courts. Although this is not a common procedure, a creditor cannot prevent its debtor from doing so in order to obstruct the realisation of the mortgage. If the debtor ignores the exclusive jurisdiction of the courts of England and files its respective claim in Switzerland, the creditor may itself engage in such proceedings at the respective court in Switzerland. The duration of such a proceeding considerably depends on the workload of the Swiss judge leading the proceedings (approximately six to twelve months for a first instance judgement subject to a right of appeal is granted).

Realisation of the Real Estate. Once the objection is set aside by the court, the creditor may file the request for the realisation of the mortgaged real estate (*Verwertungsbegehren*) with the Enforcement Office. Such request may be filed at the earliest six months and at the latest two years following the service of the payment order to the debtor. If an objection was made, such terms do not run during the time of the court proceedings necessary to set aside the objection.

Upon receipt of the request for the realisation of the mortgaged real estate, the Enforcement Office has the value of the real estate assessed by an expert. In addition, the Enforcement Office determines all the charges encumbering the real estate (*Lastenverzeichnis*), on the basis of the details

furnished by the parties concerned and an extract from the land register. The Enforcement Office sends a list of the charges to the parties concerned (such as parties having contractual or statutory pre-emptive rights, or rights to build) and sets a deadline of 10 days to contest a charge in court. If such a charge is duly contested, another time limit of 20 days will be set to either claim that a charge listed does not exist or that a charge must additionally be listed. These court proceedings are not common and usually initiated by mortgage creditors which contest the amount of a mortgage ranking senior on the real estate. Such court proceedings could take several months.

The Enforcement Office publicly auctions at the earliest one month and at the latest three months after receipt of the request for realisation of the real estate, however it may take longer than that. The auction conditions are made available at least 10 days prior to the auction and provide that all the charges listed will be transferred to the purchaser. Therefore, the bid made at the auction must exceed the sum of all secured claims having priority over the claim of the applicant creditor. Whereas beneficiaries of contractual pre-emptive rights are not entitled to assert their rights, statutory pre-emptive rights encumbering the real estate (such as statutory pre-emptive rights of municipalities or Cantons which must, as a general rule, be exercised at market conditions) may be asserted at the auction.

If real estate has been encumbered with an easement, a charge or a registered personal right without the consent of mortgage creditors who take precedence, and such easements, charges or personal rights are listed at the Land Register, the mortgage creditor may within 10 days of receipt of the list of encumbrances request that the property be offered both with and without the encumbrance. If such double offer (*Doppelaufruf*) is requested, the public auction will firstly be made including all restrictions to ownership. If no sufficient bid is made, the auction will subsequently only be made excluding the restrictions of ownership.

The Enforcement Office's fees are approximately €600 (fixed fee) plus 0.2 per cent. of the sale proceeds. Instead of a public auction, the mortgaged real estate may be privately sold by the Enforcement Office provided all parties concerned so agree and, provided at least the amount of the valuation estimated by the Enforcement Office is offered. The Enforcement Office's fees are the same as in the case of a public auction. Moreover, the same procedures with respect to restrictions to ownership apply. In addition, beneficiaries of statutory preemptive rights must be consulted upon the private sale which may lead to an extension of up to one month. The Cantons are liable for damage caused illicitly by the Enforcement Office in carrying out their tasks pursuant to Article 5 DCBA.

The creditor (and in the case of the Swiss Secured Loans, the Lender) may request the Enforcement Office to collect the rents paid by tenants on the real estate and to retain such proceeds for the benefit of the creditor. Upon such request, the Enforcement Office's management fees amount to 5 per cent of the rent received during the management period of the enforcement proceedings. After the sale of the real estate, the Enforcement Office distributes the net proceeds to the creditors in accordance to their ranking. The costs of administration, realisation and distribution are deducted directly from the proceeds of the realisation of the real estate. If the proceeds of the realisation of the real estate do not cover the claims of the creditor, the Enforcement Office issues a certificate of shortfall to the creditor. With such a certificate, the creditor can continue enforcement proceedings against the debtor personally in Switzerland, provided a foreign debtor has elected special domicile (*Spezialdomizil*) in Switzerland.

Provided, that the realisation of the real estate leads to a higher price for the relevant property than its purchase price, capital gain taxes apply which typically are secured by means of legal liens. Such legal liens rank typically senior to the security granted under the Related Security. Consequently, capital gain taxes, if applicable, will be paid upon enforcement of the security relating to the relevant real estate prior to the repayment of the Swiss Secured Loans by the competent enforcement authorities. However, since each purchase price for the real estates acquired by the Swiss Borrowers is higher than the amount of the relevant Swiss Secured Loan, applicable capital gain taxes should, commercially, not have any negative impact on the repayment of the Swiss Secured Loans or any other outstanding amount of the Swiss Borrowers secured by the Related Security.

Duration of Enforcement of Mortgage Certificate. The total duration mainly depends on the debtor's behaviour. If no action is filed which needs to be heard in an ordinary proceedings, a real estate could be realised within a period of eight to ten months in a favourable case. Typically, a period of twelve months or more should be anticipated. In the event of ordinary court proceedings coming into play, the enforcement process can, of course, take longer. There is no statistical data available in Switzerland regarding the duration of enforcement procedures and so such estimates are based on experience.

Enforcement of the Pledged Shares. Similarly to the *Schuldbriefe*, the pledged shares enable the creditor to recuperate the financial claim from the realised value of the pledged shares. Reference can be made to the enforcement of Mortgage Note above.

The enforcement of pledged shares may be carried out either by way of public auction by the enforcement authority or upon receipt of approval of all involved parties by the private sale of the shares by the pledgee itself (*Freihandverkauf*).

Introductory Phase (Einleitungsverfahren). Subject to the following comments, reference can be made to the respective paragraph in the "*Enforcement of Mortgage Notes*" section above. The application for commencement of enforcement also has to make reference to the pledged shares as well as to the pledgor. The Enforcement Office will serve the debtor and the pledgor with the Payment Order. The Payment Order provides for a payment period of one month. Regardless of the one month period, mentioned above, the debtor and the pledgor may within then days upon having been served with the Payment Order, file an objection. If the claim is based on an signed document, such as the loan agreement and the share pledge agreement, the lifting of such stay can only be obtained provisionally in summary proceedings (*provisorische Rechtsöffnung*).

Realisation of the Pledged Shares. Subject to the following comments, reference can be made to the respective paragraph in the Enforcement of Mortgage Notes section above. The request for realisation of the pledged shares with the Enforcement Office may be filed at the earliest of one month and at the latest of one year following the service of the Payment Order. The Enforcement Office publicly auctions at the earliest 10 days and at the latest 2 months after receipt of the request for realisation of the real estate, however it may take longer than that. Instead of a public auction, the pledged shares may be privately sold by the Enforcement Office provided all parties concerned so agree, or In the case of securities or other goods that have a regular market quotation are to be realised.

In case that the realisation of the pledged shares leads to an indirect higher price for the relevant property than its purchase price, capital gain taxes may apply which typically are secured by means of legal liens. Such legal liens typically rank senior to the security grander under the related Security.

Should the proceeds resulting from the auction or the sale of the pledged shares not cover the entire claim of the pledgee, the pledgee as creditor obtains a certificate of loss (*Pfandausfallschein*) entitling it to initiate bankruptcy proceedings against the pledgor in order to achieve the realisation of other assets of the pledgor.

Duration of the Enforcement of Pledged Shares. The total duration manly depends on the debtor's and the pledgor's behaviour. If no action is fled with needs to be heard in an ordinary proceedings, a movable asset (such as the shares) could be realised within a period of two to six months. Typically, a longer period should be anticipated. In the event of ordinary court proceedings coming into play, the enforcement process can, of course, take longer.

Enforcement of Pledge over Claims. Enforcement of pledges over claims (such as the pledge of rental income, bank account claims, etc.) under Swiss law is similar to the enforcement of a pledge over shares. In this respect, reference is made to the above sections on the pledge of shares. In case the parties agreed that the pledgee may enforce the pledge by way of private auction or self acquisition of the claims, the enforcement process essentially involves self help on the part of the pledgee. The secured creditor is, after it has acquired the pledge claim by way of self acquisition

entitled to collect the pledged receivables from the underlying debtor and apply the receivables as so collected in discharge of the secured debt.

Insolvency in Switzerland and enforcement of security following bankruptcy. The bankruptcy and insolvency provisions in Swiss Law are encompassed in the DCBA. As its name indicates, the DCBA codifies the law with respect to enforcement procedures and insolvency procedures.

Insolvency of Swiss Borrowers incorporated in Switzerland. The DCBA distinguishes between two different proceedings that may lead to the adjudication of bankruptcy: the ordinary proceeding with prior debt collection and proceedings without prior enforcement proceeding.

Proceeding with prior debt collection proceeding (art. 69 ss. DCBA): An ordinary bankruptcy proceeding is preceded by a debt collection proceeding (see as well above). The creditor who wants to initiate a debt collection proceeding has to file an application for commencement of enforcement proceedings against the debtor with the Enforcement Office ("*Betreibungsamt*") at the place of the debtor's registered office. The Office will then serve the debtor with the Payment Order. The Payment Order provides that the debtor has either to pay the indicated debt within twenty days or to deny the claim within ten days. If the debtor denies the claim, he has to state an Objection to the Payment Order ("*Rechtsvorschlag*"). This objection brings the procedure to a halt and the proceeding is stayed. If the debtor does not state an objection within the ten days, the creditor can file for the adjudication of the debtor's bankruptcy. If the debtor states an objection and the creditor still wishes to collect the debt, the creditor has to commence on ordinary or, in some specific cases, summary court proceeding for the lifting of the stay.

After the lift of stay, or if no objection to the Payment Order has been filed, the creditor can apply for continuation of the enforcement procedures ("*Fortsetzungsbegehren*") (art. 159 of the Act). The procedure will be continued by serving the debtor upon the creditor's request with the so-called Threat of Bankruptcy ("*Konkursandrohung*"). No less than twenty days after the debtor is served with the Threat of Bankruptcy, the creditor can file the Petition for Bankruptcy ("*Konkursbegehren*") with the Bankruptcy Court, leading to a summary court trial in which bankruptcy is adjudicated or the case is dismissed.

Proceedings without prior enforcement proceeding.

(a) *Voluntary proceedings initiated by the debtor*: The DCBA also provides for voluntary bankruptcies. For a corporation, there are two different forms of voluntary bankruptcies: A corporation can voluntarily declare itself insolvent at any time (art. 191 of the Act). The declaration of bankruptcy invokes the automatic suspension of current court and debt collection proceedings. Another cause for a bankruptcy case of a corporation is the filing of a petition due to "over-indebtedness". The respective provision is to be found in the Swiss Code of Obligations ("*Obligationenrecht*"; hereafter "**CO**"). The idea set forth in the CO is that a company should not be allowed to continue in business once its assets no longer cover its debts. The Board of Directors is consequently obliged to file for bankruptcy once this stage has been reached. Such a petition can be filed only if there has been a previous decision of the board of directors (petition due to "over-indebtedness") or of the shareholders of the corporation (declaration of insolvency) to file for bankruptcy.

(b) *Bankruptcy proceeding without prior enforcement proceedings*: As shown above, a bankruptcy case generally is initiated by a creditor who went through the debt collection procedure (involuntary bankruptcy) or by the debtor itself (voluntary bankruptcy cases). The DCBA provides for some very limited exceptions to these principles and permits a creditor to file a petition for bankruptcy directly, i.e. without previous debt collection actions. A bankruptcy without prior enforcement proceeding at a creditor's request is only declared if one of the following, limited and very restrictive conditions is met: If the debtor has acted fraudulently, or is attempting to act fraudulently to the detriment of his creditors or if the debtor has obviously and permanently stopped all payments to his creditors. Practically, such cases of bankruptcy are extremely rare (less than 1 per cent. of all bankruptcies), as the creditors usually are not able to prove the required qualified circumstances.

Effects of bankruptcy. Once bankruptcy has been declared, all of the debtor's seizeable assets at the time of the adjudication of the bankruptcy form the bankrupt estate. The debtor is no longer entitled and capable to dispose of these assets and payments to the debtor do not discharge creditors. Claims of third parties for separation of tangible property (or securities) in (exclusive) possession of bankrupt, e.g., because of ownership, from the estate are to be dealt with in a specific procedure. For creditors, the bankruptcy results in all the obligations of the debtor becoming due (except for obligations secured by mortgages). Creditors have to file their claims with the bankrupt estate. Claims which are not for a sum of money are converted into monetary claims.

Administration of the estate. Until the so-called "first meeting of creditors", the bankruptcy office acts by office as administrator of the bankrupt estate. The office draws up an inventory of the assets belonging to the estate immediately upon the adjudication of bankruptcy and takes all measures that are required to reserve the assets of the estate. Furthermore, the bankruptcy office publicly announces the adjudication of bankruptcy and calls the creditors to file their claims, including means of evidence with the bankruptcy office. With the same public announcement, the bankruptcy office invites for the first meeting of creditors. This meeting of creditors will, amongst other, decide whether the bankruptcy office shall continue with the administration of the bankrupt estate or whether an out of court liquidator shall be appointed. The bankruptcy office or the appointed liquidator are responsible for the administration of the bankrupt estate and for the realization of assets and collection of claims of the bankrupt debtor. Generally spoken, their task consists in the verification of claims, and in the realization and distribution of assets. An administrator has wide powers for the administration of the estate, and only some more important decisions are subject to the approval of the creditors. Furthermore, the bankruptcy office as well as an appointed liquidator are subject to supervision by a special official body. If there are no sufficient assets in the estate for an ordinary bankruptcy proceeding, a Summary procedure may take place. The bankruptcy office then proceeds to liquidations without participation of the creditors. Any creditor can demand ordinary proceedings by advancing costs. If there are no assets at all, the proceeding is closed for lack of assets.

Effects of the bankruptcy on contracts to which the debtor is a party. As a general rule, bankruptcy does not result *per se* in the termination or terminability of (ongoing) agreements to which the debtor is a party unless set forth differently by specific rules of the law (in particular the rules of the CO governing the special contract types). For lease agreements, there are no statutory rules which would provide for a termination upon bankruptcy. The CO includes, however, specific provisions addressing both the bankruptcy of the tenant and of the landlord. In case of bankruptcy of a tenant who already took possession of the leased property, the landlord may request security for future rents by setting both to the tenant and to the trustee an appropriate period therefore. If the requested security is not provided within such period, the landlord may terminate the lease agreement with immediate effect. In case of bankruptcy of the landlord, its properties form part of the bankrupt estate and will be liquidated and sold. The purchaser of a property may terminate (with notice period) lease agreements for premises in such properties under certain qualifying and specific circumstances. Such circumstances are namely given if the property was auctioned both with and without lease agreements and if the latter resulted in higher proceeds, or if the purchaser would need to use the property personally. Failing such circumstances, a lease agreement will not be affected by bankruptcy.

Effects of the bankruptcy on the secured creditors. The ranking of creditors and the distribution of proceeds from the liquidation of the debtor's estate are governed by the following principles. Secured claims are satisfied directly out of the proceeds of the collateral's realisation. Mortgage creditors are satisfied according to their rank which, absent contractual stipulations to the contrary, is determined by the time of entry into the land register. The first rank is paid in full before the second rank receives any distribution, etc. Unsecured claims (including secured claims to the extent not covered by collateral) are ranked into three classes. Creditors ranked in the first class are paid in full before creditors in the second class receive any dividend. Creditors in the second class have to be paid in full before ordinary creditors ranked in the third class receive any distribution. Employees' claims which have arisen during the six months prior to the adjudication of bankruptcy and claims that arise from termination of employment relationships due to the opening of bankruptcy proceedings, as well as claims concerning accident insurance, pension claims and claims of pension funds against employers, rank in first class. Premium claims of social security systems (old age,

disability, accident, un-employment, health insurance, etc.) rank in the second class, while all other claims fall into the third class. Within the third class, subordination agreements are enforceable. Creditors with subordinated claims formally rank in the same class as other unsecured and non privileged creditors. In practice, however, their claims are treated as if they ranked in another, i.e. fourth class, of unsecured claims.

Above this, claims deriving from obligations incurred by the trustee on behalf of the estate and the costs for the administration of the estate and the conduct of the bankruptcy proceeding (post adjudication liabilities incurred by the trustee) have priority over unsecured claims and will be satisfied at first. In case of a secured claim, the costs for the administration (including realization) of this specific collateral will be deducted from the proceeds generated.

Secured and unsecured claims are dealt with in the so called "schedule of claims procedure" ("*Kollokationsverfahren*"). The trustee decides on the admission or non-admission of claims by entering or refusing to enter claims in the "schedule of claims". The trustee's decisions are subject to appeal both by the affected creditor and by other creditors.

Composition Proceedings. The DCBA provides as well for moratorium and composition proceedings. A moratorium and the composition proceedings related to it are designed for a debtor who wants to avoid bankruptcy proceedings. The purpose underlying a moratorium is to enable a debt restructuring of a debtor or, if a debt restructuring seems to be unfeasible, to preserve the assets of a debtor for a limited period of time until the further course of the composition proceedings can be determined.

Composition proceedings under the DCBA are divided into three different stages: 1. Approval of the composition procedure (approval procedure). In this first stage, the court will only deal with a request for a moratorium ("*Stundungsgesuch*") and evaluate the chances of concluding a composition. 2. The creditors' examination and acceptance of the proposed composition (acceptance procedure). 3. Confirmation of the composition by the court (confirmation procedure). Once a composition is confirmed, it will be executed. Three different types of compositions are commonly distinguished: (i) Moratorium composition ("*Stundungsvergleich*"); which provides for full payment of creditors' claims but at a time later than the original payment dates. (ii) Percentage composition ("*Prozent- oder Dividendenvergleich*"); the creditors agree that only a certain percentage of the amounts of all claims must be paid within an approved time-frame. And (iii) Composition with assignment of assets ("*Liquidationsvergleich*"); the debtor agrees to transfer all or part of its assets to the creditors, who then satisfy their claims out of the proceeds realized by the liquidation of the assets. If the composition agreement is rejected or the moratorium revoked, any creditor may proceed with enforcement proceedings. The decision of the court not to confirm the plan also has the effect that any creditor may file a petition in bankruptcy within 20 days after the decision is taken.

Avoidance. The DCBA provides for the possibility of avoidance of certain pre-insolvency dispositions by the debtor over its assets. The trustee or, if the latter renounces, creditors, may pretend avoidance claims in the terms of art. 285 - 292 DCBA. Under art. 285 – 292 DCBA can be avoided (i) gifts made, (ii) collaterals given for existing obligations which the debtor was not bound to secure, (iii) settlements of due debts by means other than payment, and (iv) payments of debts not due, if either of them was carried out during the year prior to the adjudication of bankruptcy; as well as (iv) all transactions which the debtor carried out during the five years prior to the adjudication of bankruptcy with the intention – apparent to the other party – of disadvantaging his creditors, or of favouring certain creditors to the detriment of others.

Swiss Environmental Laws

Environment. The jurisdiction to enact environmental laws and regulations in Switzerland is split between the Cantons and the federal authorities. The execution of the laws is mainly observed by the Cantons. The key statute within the body of environmental laws is the Federal Statute on Environmental Protection, which was enacted in 1983. This statute contains the following key concepts of Swiss environmental law: (a) the principal of prevention; (b) the principal of sustainability; (c) the polluter-pays principle; (d) the principle of cooperation and (e) the principle of coordination.

According to the principle of prevention, early preventive measures must be taken at the source of the pollution to limit effects, which can become harmful or troublesome. Closely linked to the principle of prevention is the principle of sustainability, which demands nature's power of regeneration to be taken into consideration whilst using resources. According to the polluter-pays principle, the polluter must pay the costs of measures taken for protection of the environment. According to the principle of cooperation, authorities and private parties must work together towards the goal of protecting the environment. Ultimately, the principle of coordination plays an important role in procedural law.

Contaminated Sites. If the soil of real estate is contaminated, the Federal Statute on Environmental Protection determine that to be a contaminated site. All sites contaminated by waste have to be cleaned up if they cause harmful or disagreeable effects or if there is a concrete risk that such effects will occur. The polluter of the contaminated sites must pay the costs of the clean-up. If several polluters or real property owners are involved, the restoration costs are allocated according to the individual responsibilities. The owner of a contaminated site is only liable for costs incurred if it cannot be proved that: (a) even if exercising due diligence it could not have been aware of the contamination; (b) determined it did not benefit from the contamination; and (c) it does not benefit from the restoration or clean-up.

The Federal Statute on Environmental Protection requires the Cantons to compile a register of potentially contaminated sites, which is open to the public for inspections. Thus, it should be ensured that in future cases of use of those contaminated sites the access to the relevant information is provided.

Prepayment Charges, Default Interest, Compounding Interest in Switzerland

Prepayment Charges. The principal amount outstanding under the Swiss Secured Loans is repayable by the Swiss Borrowers in full on its scheduled maturity date, as prescribed by the related Credit Agreements. In case of prepayment (if any) the respective Swiss Borrower will have to pay additional fees or costs (such as break costs, etc.). Fees, interest and other charges payable under each Swiss Secured Loan, if their amount taken as a whole is excessive, can be deemed as usurious or abusive under Swiss law; it is usually admitted that amounts of fees, interest and other charges, if collectively exceeding fifteen per cent. per annum calculated on the borrowed money, may not be enforceable in Switzerland.

Default Interest, Compounding Interest in Switzerland. As a matter of Swiss law, a Borrower under the Swiss Secured Loans who is in default with the payment of interest, is only required to pay default interest (*Verzugszins*) thereon from the day of the demand for official debt enforcement or the filing of a legal action. An agreement to the contrary is to be considered by a Swiss court in accordance with the principles on liquidated damages (*Konventionalstrafe*). Further, no default interest (*Verzugszins*) shall be calculated on default interest except if expressively agreed accordingly.

Planning, Zoning and Other Regulations affecting Properties in Switzerland

Zoning. Swiss law provides for detailed regulations on the procedures and circumstances under which land can be developed. The Federal Zoning Statute defines the competences on federal, cantonal and municipal level to ensure a resourceful use of the land and a well-structured settlement policy. Among the key principles included in this statute are the conservative utilisation of the land and the limitation of an expansion of housing development areas.

In the context of cantonal planning, the zoning activities are generally coordinated and harmonised. The utilisation planning is based on the cantonal zoning law and lays down the utilisation of the land for everybody. A binding separation between a building zone and a non-building zone is made and the possibilities of use are laid down in the utilisation or zoning plans. A further distinction is made between building, agricultural and protection zones. Construction activities are generally only allowed in construction zones and are subject to authorisation by the body designated by the respective Canton. With the exception of some area-bound buildings, it is a necessary requirement in order to obtain a construction permit that buildings and facilities are in

accordance with the purpose of the utilisation plan and that the land is already developed as well as suitable and necessary for building activities.

Building Law. In the context of public building law, the Swiss authorities at federal, cantonal and municipal level are provided with regulatory competences. The actual building regulations are enacted by the Cantons and applied by local building authorities. This has resulted in 26 different cantonal zoning statutes. The building law rules at federal level, which are supplemented by the cantonal statutes, only focus on selected aspects and may be found in different laws such as the Federal Zoning Statute and the Federal Statute on Environment Protection as well as in the accompanying Ordinances. The municipal building law is also of importance. It is enacted by the municipality based on its right of municipal autonomy.

The freedom to build, which is derived from the right of freedom of having property and other constitutional rights, is restricted by rules of public building law. The public building law contains on the one hand, material construction rules, especially those about basic requirements of buildings and facilities, as well as admissible utilisations of land, and on the other hand formal rules which regulate the constructional procedures.

Leases in Switzerland

In certain circumstances, a tenant of a property may have legal rights enforceable against its landlord that may delay the payment of rent, or reduce the amount of rent payable, to the landlord, or which may impact upon the ability to remove a tenant from occupation in the event of its insolvency.

Overview. Swiss Tenancy Law for multifamily and commercial property is governed by Art. 253 ff. of the Swiss Code of Obligations ("**CO**") and the Ordinance on Tenancy for Multifamily and Commercial Property. With regard to restrictions on rents, rent increases and terminations of rental agreements, Swiss law affords substantial protection to tenants.

Rental agreements are generally recorded in writing although there is no legal requirement to do so. It is customary practice to rely on standard rental agreements, such as those distributed by professional bodies such as the Swiss Association of Tenants or the Swiss Association of Houseowners. The parties to a rental agreement may agree to have it recorded in the land register. When a rental agreement has been registered, any subsequent owner of the property is required to give effect to that agreement notwithstanding the fact that it restricts the owner's own use of the property.

Tenants are considered to be in possession of the multifamily and commercial property and therefore have a right to claim the rules protecting the possessor laid down in the Swiss Civil Code ("**CC**"). Thus, they can fend off bothersome and/or interfering emissions (noise, orders) in an adequate manner and banish unauthorised persons from their premises.

Rent for multifamily and commercial property is usually against payment and may either be concluded for an indefinite or a fixed term between the landlord and the tenant.

Rent/Operating Expenses. The tenant owes the landlord a rent for the use of the rented property. With regard to the fixing and the adjustment of the rent there are special legal restrictions imposed by Swiss law.

Swiss tenancy law is based on the "unfair rent" principal, which limits the landlord's freedom in determining the initial rent and subsequently in increasing the rent to reflect any change in circumstances. Rents are viewed as abusive and unfair if a landlord makes an excessive profit on the rental of the leased property or if the validly calculated rent results from an obviously increased rent or if the rent exceeds those rents which are common in that particular region or multifamily quarters.

Rents are not considered as "unfair" if an increase of the costs or added services by the landlord is justified or if the rent is within the scope of those rents that are common in that particular region or multifamily quarter. An example for an increase of costs is the rise of mortgage rates, charges, building rates, insurance premium and maintenance costs. Added services contain

investments for value adding improvements, enlargement of the leased object and additional services. Furthermore, adjustments of the rent due to a balance of the price rise on risk capital are not abusive. However, the rent may only be increased up to 40 per cent. (maximum) of the increase in the Swiss Consumer Price Index ("**CPI**") issued monthly by the Federal Office of Statistics. If the net yield does not exceed the average interest rates for first mortgages of the large Swiss banks by more than half per cent., the profit resulting from it is considered to be fair and is therefore not abusive.

Certain operating expenses relating to the use of the leased property have to be paid separately by the tenant, to the extent this has been agreed with the landlord. They include, but are not restricted to, heating, hot water and other operating costs (i.e. garbage removal, charges for waste water facilities, operation and servicing of lifts, etc.) as well as public charges. However, certain overhead expenses, such as repair and modernisation of the heating system and the hot water reprocessing plant as well as their interest rate and deduction may never be passed on to the tenant.

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

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

Adjustments of Rent. A landlord has the right to increase rents due to an increase of costs or added services at any time on the next possible termination period.

An indexation of the rent which is common practice with rental agreements of commercial property is valid if the rental agreement has been concluded for a fixed term (at least five years) and if the adjustments are in line with movements in the CPI.

In order to protect the landlord's investment from any adverse effect by inflation and if the rental agreement has been concluded for a fixed term, the rent may be increased during the term only when the parties have so agreed and by one of two methods, depending on the period of the term. For terms of five years or more, the rent may be adjusted in line with movements in the CPI and for terms of three years, the rent may be adjusted incrementally, as and if previously determined in the rental agreement.

A landlord must inform the tenant about any rent increase in advance. Any rent increase has to be justified. The formal requirements, which also apply to the indexed and periodic increases, are very strict and a failure to comply with these requirements may result in such rent increase being void.

A tenant has a right to challenge the initial rent, an increased rent or the notice of termination.

Sublease. Under Swiss law a tenant may sublease the property with the consent of the landlord only. However, as a matter of Swiss mandatory law, a landlord may refuse his consent only if (i) the tenant refuses to inform the landlord of the terms of the sublease, (ii) the terms of the sublease are abusive as compared to the terms of the rental agreement, or (iii) significant disadvantages for the landlord arise form the sublease.

Assignment of rental agreement by the tenant. The tenant of a commercial property may, as a matter of Swiss law, with the written consent of the landlord only assign the rental agreement to a

third party. However, the landlord may refuse his consent only for valid reason. In case of such transfer, the former tenant is released form his obligations towards the landlord but remains jointly and severally liable with the new third party tenant until the next (potential) termination date but no case longer than two years.

Termination of Rental Agreements. Rental agreements without a fixed term may be terminated by giving notice within the applicable notice period. The law prescribes different minimum notice periods for different types of rented properties: (a) six months for commercial properties; (b) three months for multifamily properties; and (c) two weeks for furnished rooms, separately leased garage spaces or similar properties. These notice periods may be extended. If the parties do not comply with the notice periods or notice dates, the notice is effective on the next possible date.

The existence of a profound breach of duty by a party may lead to a summary termination of the rental agreement regardless whether it was concluded for a fixed or unfixed term.

If there is a violation of the principle of utmost good faith, a tenant may challenge a notice of termination served by the landlord up to 30 days after its receipt. The Swiss Code of Obligations contains a nonexclusive list of challenge grounds, e.g. if the termination is based on titles which the tenant has against the landlord resulting from the rental agreement or if the landlord changes the rental agreement to the detriment of the tenant or if the landlord enforces a rent adjustment by notice of termination.

If the tenant and his or her family suffers material hardship as a result of the termination, which is not justified by the interests of the landlord, the tenant has the right to request an extension of the rental agreement within 30 days following receipt of the notice of termination. In case of commercial property the competent authority may grant extension of the rental agreement for up to six years. Fixed term rental agreements extensions are possible in general but are in fact very rare.

Frustration of Contract in Switzerland. The laws of Switzerland recognise the doctrine of force majeure, permitting a party to a contractual obligation to be released from it upon the occurrence of an event which renders the performance of such contractual obligation impossible. There can be no assurance that the tenants of Properties will not be subject to a force majeure event leading to such tenants being released from their obligations under their leases. This could reduce the amount of Rental Income generated and hence the ability of the relevant Borrower to pay interest on or repay the principal in respect of the relevant Loan.

Property Law

General. Ownership is the most comprehensive legal title with respect to real property. It gives the owner the right to use real property, the right to dispose of it and the right to fend any wrongful action. As a right of domain it is absolute and applies to every third party (erga omnes).

Ownership of land stretches upwards and downwards from the airspace to the ground, as long as there is an interest in the use of the property. Under the reserve of legal limits, it covers all buildings and plants as well as springs. The borders are indicated by the cadastral register and the boundaries of the real estate itself.

Ownership of real property is usually established through the execution of a public deed and subsequent registration in the appropriate public land register. The deed must be notarised and must contain all of the essential elements of the transaction, including without limitation, the identity of the contracting parties, a description of the property being transferred, the purchase price and all other material terms.

Real property can be held in the form of individual ownership, joint ownership or co-ownership. Joint ownership is based on any underlying community relationship either by operation of law or by contract, such as marriage or inheritance, whereas co-ownership is based on an express or implied agreement of the co-owners without an underlying community relationship. Each co-owner owns a share of the real property that can be sold or pledged and can be seized by its creditors. Under joint ownership, however, each of the owners has the right of ownership in the

whole real property and the ownership rights, such as the right to sell and pledge, cannot be exercised over the common property except with the consent of all the joint owners.

Restrictions of Real Property. The right of property cannot be exercised without limitation. There are legal barriers in private and public law. Under private law the limitation on ownership deals with neighbourhood affairs. For example, the property owner must refrain from actions which have a massive impact on the property of the neighbour. Every property owner has to refrain from causing harmful, unjustified actions through smoke, soot, noise or vibration. Aside from the private law barriers, there are numerous public law restrictions. Furthermore, restraints on disposal of the real estate can be agreed upon at the detriment of the owner of real estate or even stipulated by law.

Limited Rights in Rem. In contrast to ownership, the limited rights in rem give to the beneficiary of such rights only a limited power. As regards real property, Swiss law mainly provides for three different types of limited rights in rem: (a) property liens, (b) servitudes, and (c) ground leases only the first two categories are of practical relevance, and so will be described.

(a) Property Liens are limited rights in rem. Its purpose is to ensure a certain claim with the value of a real property and it bestows the right to the creditor to obtain the proceeds from the sale of the real property if the claim is not amortised/redeemed at the agreed time. Property liens may arise either by law or by contract. The contractual property lien is established by registration in the appropriate land register based upon a notarized agreement between the creditor and the estate owner. However, the estate owner can register a property lien on his or her request without concluding a mortgage agreement.

Property liens which come into existence by law do not require a mortgage agreement.

Under Swiss law, there are three main types of property liens: (i) the mortgage assignment, which serves as collateral for a loan; (ii) the land charge certificate, which sets forth the value of a real property; and (iii) the mortgage note, which serves both purposes. The land charge certificate and the mortgage note, but not the mortgage assignment, are defined as securities within the meaning of the Swiss Code of Obligations. The existence of property liens will be registered in the Land Register.

(b) A servitude is a burden imposed on real property for the benefit of another real property, requiring the owner of a servient real property to accept certain acts of interference by the owner of the dominant real property. A difference is drawn between personal easement and servitude. In the case of a personal easement the right on the entire real property belongs to a natural person or legal entity, while the servitude promotes a special parcel of land. A servitude is either established by law or by written contract. For example, the Swiss Civil Code, imposes the duty on every property owner to allow the conveyance of fresh and waste water, gas and electricity. If the servitude is in the form of a written agreement, it must be registered in the file of the relevant property in the land register. The loss or termination of a servitude results from cancellation of the respective entry in the land register, as well as from the complete loss of the burdened or entitled property.

4. Italy

Italian Securitisation Law. The Italian Securitisation Law was enacted in the Republic of Italy in April 1999 and only limited guidance on or interpretation of the application of the Italian Securitisation Law has been issued by any Italian governmental, regulatory or tax authority up to the date of this Prospectus. Consequently, it is possible such authorities will issue further regulations relating to the Italian Securitisation Law or the interpretation thereof that may adversely impact this Prospectus in ways that cannot be predicted by the Issuer as of the date hereof.

Withholding on the Notes. Payments of interest under the Italian Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Prospectus, according to Decree 239, any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Italian Notes who (i) is either not resident, for tax purposes,

in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Italian Notes net of Italian substitute tax.

Tax Position of the Italian Issuer. Taxable income of the Italian Issuer is determined without any special rights in accordance with Italian Presidential Decree number 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 29 March 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), the assets and liabilities and the costs and revenues of the Italian Issuer in relation to the securitisation of the Italian Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses and any amount that the Italian Issuer may apply out of the Italian Issuer Available Income for the payment of such overhead and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, that is, on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Italian Issuer in the context of the Italian Securitisation. The position of the Bank of Italy with relation to the accounting treatment of *società per la cartolarizzazione dei crediti* was confirmed in its regulations issued on 14 February 2006.

On 24 October 2002, the Revenue Agency – Regional Direction of Lombardy (the "**Agency**"), released a private ruling with reference to some aspects of the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency claimed that the net result of a securitisation transaction is taxable as issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover, the Agency, with Circular number 8/E of 6 February 2003, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations towards the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to the quoted position of the Agency, the Italian Issuer should not have any taxable income if no amounts are available thereto after discharging all its obligations deriving from and connected to the Italian Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the Italian Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to, the tax position of the Italian Issuer, as described above.

Interest accrued on the accounts opened by the Italian Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian bank will be subject to withholding tax on account of Italian tax which, as at the date of this Prospectus, is levied at the rate of 27 per cent. (according to the Agency's private ruling number 222/E of 5 December 2003).

European Withholding Tax Directive. Italy has implemented the EU Savings Directive through Legislative Decree no. 84 of 18 April 2005 ("**Decree no. 84**"). Under Decree no. 84, subject to a number of important conditions being met, with respect to interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement (currently, Jersey, Guernsey, Isle of Man, Netherlands Antilles, British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (that is banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same

reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/ EEC. Payments of interest on the Italian Notes or the realisation of the accrued interest through the sale of the Notes would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree no. 84. Accordingly such payment of interest arising from the Italian Notes would fall within the scope of the Directive, the Italian Notes having being issued after 1 March 2001. Please see below "*Risk Factors - Considerations Related to the Notes - EU Savings Directive*" for further information.

Rights of Set-off and Other Rights of the Italian Borrower. Under general principles of Italian law, the Italian Borrower is entitled to exercise rights of set-off in respect of amounts due under any Italian Loan Agreement against any amounts payable by the Italian Originator thereto.

The assignment of receivables under the Italian Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Banking Act. According to the prevailing interpretation of such provisions, such assignments become enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the competent companies' register. Consequently, the Italian Borrower may exercise a right of set-off against the Italian Issuer on claims against the Italian Originator and/or the Italian Issuer which have arisen before both the publication of the notice in the Official Gazette and the registration in the competent companies' register have been completed.

Usury Law Italian Law no. 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a decree issued by the Italian Treasury (the last publication having been made on 28 December 2006) on the basis of the decree of the Italian Treasury dated 23 September 2006). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

In certain judgments issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the *Corte di Cassazione*), if at any point in time the rate of interest payable on a loan (including a loan entered into before the entry into force of the Usury Law or a loan which, when entered into, was in compliance with the Usury Law) exceeded the then applicable Usury Rate, the contractual provision providing for the borrower's obligation to pay interest on the relevant loan would become null and void in its entirety.

The Italian Government has intervened in this situation with Law Decree no. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law no. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached.

Statutory Rights of Tenants. A number of statutory rights may affect the net cash flow realised from the Italian Properties or cause delay in the payment of rental income relating to such Italian Properties. Such rights include the following:

(iv) the tenant's right to compensation for an early termination of a lease or a landlord's failure to renew a lease in an amount equal to 18 months' rent (or 36 months' rent in the event that

within one year since termination of such tenant's lease, activities similar to those carried out by the tenant in the Property are performed therein); and

(v) the tenant may terminate a lease agreement at any time upon 6 months' written notice for serious unforeseeable reasons outside the control of the tenant which render the performance of the lease agreement extremely onerous for the tenant *(gravi motivi)*.

For an additional discussion on the rights of tenants, see "*Considerations related to the Relevant Jurisdictions - Italy - Commercial Property Leases*" and "*Considerations related to the Relevant Jurisdictions - Italy - Termination of Leases*" below.

Risks relating to Planning: The construction, renovation and maintenance of buildings in Italy are subject to compliance with the town plan (*Piano regolatore*) and the approval of the relevant municipality. Any building not constructed in compliance with its building permit or in accordance with the town plan (except for specific cases) must be demolished. In case of minor violations, certain fines may be imposed instead of ordering the demolition of the affected property. Neither the Italian Issuer nor the Arranger has independently investigated whether any such breach has occurred in relation to any Italian Property.

Registration tax and VAT imposed on real estate transactions The cash flows arising from the assets may be affected by the tax provisions of Law No. 248 of 4 August 2006 ("**Law No. 248**"), which amended the VAT and indirect taxes regimes applicable to Italian real estate transactions. Pursuant to Law No. 248, sale and lease agreements are subject to indirect taxes applied at proportional rates and the payment of these taxes may reduce the cash flows arising from the assets.

As a general rule, rental income from leases of commercial buildings is VAT exempt and subject to a 1 per cent. registration tax; however, under the new regime commercial rent is subject to VAT if (i) the lessee is a company having a *pro-rata* deductibility of VAT not higher than 25 per cent.; (ii) the lessee is an entity not subject to VAT, or (iii) the lessor makes the election for the VAT regime in the lease agreement. There is an option for the application of the old VAT regime, however, which must be exercised by the parties of the lease under the terms and conditions provided for by the regulation of the Tax Agency (*Agenzia delle Entrate*) of 14 September 2006 and it is anticipated that the Italian Borrower will so elect.

With regard to sales of commercial buildings, generally the sales are VAT exempt and subject to mortgage and cadastral taxes for an overall tax burden of 4 per cent. plus Euro 168 registration tax. In this case, under certain conditions, the vendor must repay the VAT deducted on the purchase of the property. However the sales will be subject to VAT, and indirect taxes apply at proportional rate of 4 per cent. (effective from 1 October 2006, the rate is reduced to 2 per cent. if the commercial building is sold to real estate funds, leasing companies, banks or financial entities), if (i) the commercial building is sold to an entity having a pro-rata deductibility of VAT not higher than 25 per cent. or to entities not subject to VAT, or (ii) the vendor of the commercial building makes the election for the VAT option in the transfer agreement, registration tax is always due at the fixed amount of Euro 168. Where the sale is subject to VAT the vendor maintains the right to deduct the VAT paid at the time of the purchase of the property.

Law No. 248 also introduced a VAT re-capture mechanism under which VAT paid on purchases and already set off or claimed back should be repaid in three instalments to the Tax Authorities.

5. France

Enforcement of security interests

A reform of the French law applicable to security interests was passed by Order (*Ordonnance*) no. 2206–346 dated 23 March 2006 (the "**March 2006 Reform**"). The March 2006 Reform entered into force on 25 March 2006 and applies automatically to all security interests constituted after that date.

Therefore, the new regime set out by the March 2006 Reform applies to the security interests granted by the Tour Esplanade Borrower under the Tour Esplanade Loan Agreement.

Enforcement of mortgages prior to insolvency proceedings

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

The beneficiary of a mortgage will rank ahead of all unsecured creditors (*créanciers chirographaires*) of the grantor of the security but will rank after the prior ranking creditors in the context of a bankruptcy. Secured amounts comprise the principal amount of the loan in question as well as its accessories. It should be noted, however, that under a mortgage only three (3) years of interest at the contractual rate can be secured on an equal rank basis than the principal.

Droit de suite, droit de préférence. The secured creditor's enforcement action consists of the possibility to continue to benefit from the mortgage, even if the property is transferred by the debtor to a third party. This right is known as *droit de suite*. In the event of the sale of the property by the debtor, the secured creditor may have the debts owing to him satisfied from the proceeds of the sale of the property in the order of priority of the liens and mortgages encumbering such property (*droits de préférence*), in accordance with article 2461 of the Civil Code.

Registration of Mortgage. In order to be enforceable against third parties, pursuant to the provisions of article 2377 of the Civil Code, mortgages must be registered at the at the French land registry office ("*Bureau des Hypothèques*") situated in the same geographical district where the relevant real property is situated.

Enforcement of Mortgages. Rules applicable to the attachment procedure by secured creditors (*saisie immoblilière*) have been recently modified by an Order (*ordonnance n° 2006–461 réformant la saisie immobilière*) dated 21 April 2006 and its enacting decree no.2006-936 of 26 July 2006 as amended. This new legislation (article 2190 *et seq.* of the Civil Code) entered into force on 1 January 2007 and applies automatically to all foreclosures by secured creditors executed after that date on properties situated in France.

Since 1 January 2007, mortgages can be enforced either through (i) a court–supervised public auction (*vente aux enchères*) or (ii) without recourse to law, pursuant to a request for a judicial attribution.

Court–supervised public auction. The first step is the seizure of the property (*saisie immobilière*) starting with a bailiff (*huissier*) delivering to the debtor an enforcement notice which is filed at the relevant land registry office having jurisdiction over the district in which the relevant real property is situated. The next step is to instruct a lawyer (*avocat*) to prepare the terms of sale at public auction (including the reserve price of the relevant real property) and the notices to be given prior to the sale. The debtor may file objections against such enforcement (including the reserve price), the validity of which will be decided by a competent court.

If no bid is made at the public auction, and, provided there is only one secured creditor, such secured creditor will be deemed to be the highest bidder and is thus obliged to purchase the property at the reserve price specified in the terms of the sale. Any interested party may re–open the auction by offering to purchase the Property for a sum of 10 per cent. higher than the highest bid, within ten (10) days of the auction sale. The Court must then verify each creditor's claim and its respective rank (*procédure d'ordre*), preferred creditors ranking first. The last step is to obtain the proceeds from the escrow agent where the auction proceeds have been kept on deposit.

Sale without recourse to law. The debtor may request the Property to be sold by way of a sale without recourse to law ("*vente amiable*"). The debtor's application for authorisation of sale without recourse to law may be presented to and judged by the Court even prior to service of the writ of summons, provided that the debtor has joined the registered creditors as a party. If the debtor fails

to undertake a sale without recourse to law and to account for this sale to the plaintiff-creditor when the latter so requires, the creditor may summon the debtor in court at any moment with a view to recording his default and obtaining an order for the resumption of the public auction.

Judicial attribution (Pacte Commissoire). Pursuant to the March 2006 Reform, the unpaid secured creditor benefiting of a mortgage may, in accordance with article 2458 of the Civil Code, request the Court for the judicial attribution of the Property as payment of its claim (except if the Property is the main residence of the debtor). In such case, an expert appointed either amicably or by the Court determines the value of the Property. If the value of the Property exceeds the secured amount, the secured creditor must return to the debtor an amount equal to the difference between such amounts. The amount must be divided if there are several secured creditors who have been granted a mortgage on such property.

Enforcement of other security prior to insolvency proceedings

Pledge over bank accounts. A pledge over the credit balance of a bank account (*nantissement de solde de compte bancaire*) is a pledge over intangible assets (consisting of the claim which the pledgor has against the bank which holds the account in the name of the pledgor) which, under French law, does not confer a right of retention in favour of the pledgee. In practice, under a pledge over the credit balance of a bank account, the pledged account is opened in the name of the pledgor and the pledgor retains title to the amounts standing to the credit of the pledged bank account at the time the pledge is enforced.

A pledge over the credit balance of a bank account may be granted in accordance with articles 2360 *et seq*. of the Civil Code. So as to ensure the validity and the perfection of the security interest granted, the pledge agreement needs to be registered with the tax authorities (*Recette des Impôts*) and notified by bailiff (*huissier*) to the bank in the books of which the pledged account is opened (even if such bank is also the beneficiary of the pledge).

The enforcement of a pledge over the credit balance of a bank account can be made by requesting the competent court to allow appropriation of the funds subject to the pledge (*attribution judiciaire*) and the application of the proceeds in satisfaction of the debt.

Furthermore, pursuant to the March 2006 Reform, the secured creditor can also in accordance with article 2365 of the Civil Code, if it has been expressly provided for in the pledge agreement, appropriate the credit balance of the pledged bank account on the date on which it exercises its pledge (after taking account of debits and credits previously initiated but not yet completed) in satisfaction of its claim against the debtor without a court order.

Assignment of receivables by way of security (Dailly law assignments governed by articles L. 313–23 et seq. of the Financial Code). The enforcement of such security is achieved through notifying the assigned debtors of the assignment of receivables, so that they have to pay directly the secured creditor their corresponding debts instead of paying the assignor.

Unless the relevant assigned debtor duly accepts the assignment as specified in article L. 313–29 of the *French Code Monétaire et Financier* (the "**Financial Code**"), such debtor will be entitled to raise against the secured creditor all the defences it could invoke against the assignor.

The assignments of receivables by way of security granted by the Tour Esplanade Borrower provide that such notification to the assigned debtors will be delivered upon the occurrence of an event of default under the Tour Esplanade Loan Agreement.

However, even after such a notice is served on an assigned debtor, set–off may still take place (or be ordered by a court) if such claims are related (*créances connexes*), i.e., according to French case law, when claims arise from the same contract, or from separate contracts linked together by a master agreement or, failing which, forming a coherent contractual framework entered into in view to the achievement of a single economic transaction ("*ensemble contractuel unique*").

Share Pledge Agreement (nantissement de comptes d'instrument financiers). There are two options available for the enforcement of the pledge over the shares (*comptes d'instrument financiers*): (a) request the public sale (*vente publique*) of the shares, or (b) request the attribution by a court of the shares (*attribution judiciaire*).

Pursuant to the March 2006 Reform, the secured creditor can also in accordance with article L. 521–3 of the French *Code de Commerce* (the "**Commercial Code**"), if it has been expressly provided for in the share pledge agreement, appropriate the pledged shares and their cash proceeds without a court order on the date on which it exercises its pledge.

Insurance Delegation. Pursuant to the provisions of article L.121–13 of the French *Code des assurances* (the "**Insurance Code**"), the benefit of certain insurance proceeds in relation the Property may be transferred automatically to the lender under a mortgage loan agreement as beneficiary of the mortgage. The notary before which the Tour Esplanade mortgage deeds were executed was given all powers to notify the insurance delegations to the insurer for acknowledgement. Following the service of such notification, the lender under the Tour Esplanade Loan Agreement would benefit from the undertaking of the relevant insurer to pay it directly.

Insolvency – French Borrower. French insolvency law is governed by (i) law No 2005–845 dated 26 July 2005; (ii) Decree n° 2005–1677 dated 28 December 2005; (iii) Decree n° 2005–1756 dated 30 December 2005, and (iv) Circular (*Circulaire*) dated 22 July 2005 which are applicable as from 1 January 2006 (together, the "**French Insolvency Law**"). French Insolvency Law provides for (a) two (2) pre–insolvency proceedings and (b) three (3) insolvency proceedings.

Pre–insolvency proceedings. Pre–insolvency proceedings are proceedings which do not trigger a stay of claims and of actions and in which debtors which are not yet in a state of "*cessation of payments*" (*i.e.* inability to meet its due and payable debts with its available assets) or which are in such state for less than forty–five (45) days, request from the court the appointment of a third party in order to come to an agreement with its creditors.

Mandat ad hoc. The *Mandat ad hoc* is an informal and confidential procedure. It consists of the appointment by the Court, at the request of the debtor, of a third party, with the view to assisting a business which is in difficulty, but not yet insolvent. The purpose is in most cases to facilitate an agreement that aims at settling the difficulties the business may face. The appointed *mandataire ad hoc* is generally not vested with specific powers, but can exert in practice a substantial influence on the outcome of the discussions. The President of the Court has discretion to determine the scope of the office of the *mandataire ad hoc*.

The *Mandat ad hoc* does not trigger an automatic stay of action or of payments. However, pursuant to article 1244–1 *et seq.* of the Civil Code, the President of the Court may order a stay or deferral of payments due to certain creditors for up to two (2) years (except for certain specific debts: salaries, alimony, certain social security contribution and taxes).

Conciliation Procedure (*procédure de conciliation*). If a French debtor faces actual or expected legal, economic or financial difficulties and has not been under cessation of payments (*cessation des paiements*) for more than forty–five (45) days, it may apply for a conciliation procedure (*procédure de conciliation*) with the competent French court. This conciliation procedure may not last for a period exceeding four months subject to a one–month extension and implies the appointment of a conciliation agent (*conciliateur*) whose duty is to facilitate the negotiation of an amicable arrangement (*accord amiable*) between the debtor and its main creditors.

Insolvency proceedings

Types of proceedings. The three (3) proceedings are: (i) the protection procedure (*procedure de sauvegarde*); (ii) the rehabilitation procedure (*plan de redressement*); and (iii) the liquidation (*liquidation judiciaire*).

Protection Procedure (*procedure de sauvegarde*). The protection procedure is only available to debtors who, although not being in an actual state of "cessation of payments", establish that they

are unable to overcome difficulties, which are of a nature to lead to a "cessation of payments". It is applied for at the sole discretion of the debtor. It aims to allow the debtor to benefit from the protection of insolvency law to facilitate its restructuring at an early stage of its difficulties. The Court orders the commencement of a time period called observation period (*période d'observation*) allowing continuation of the operations of the debtor whilst an arrangement with creditors is sought which can last for up to twelve (12) months with a possible extension up to a maximum total duration of eighteen (18) months. The Court appoints one or several judicial administrators (*administrateur judiciaire*), a representative of the creditors (*représentant des créanciers*) and two creditors' committees are created (if certain conditions are met, one composed of credit institutions, and the other of main suppliers of goods and services).

During the period of the insolvency proceedings, the rights of the creditors of the insolvent debtor are restricted, *inter alia*, as follows: (i) the payment of debts incurred prior to the insolvency judgment is prohibited, except in limited cases; court actions for payment initiated prior to the judgment commencing the procedure can only aim at liquidating the amount of the debt, which will be treated as pre–insolvency judgment debt (*i.e.* stayed); (ii) the commencement of insolvency proceedings freezes enforcement of security and also freezes the right to perfect security through registration of such security, with only limited exceptions in both cases; (iii) contractual clauses providing for automatic termination or acceleration of the contract in the event of the occurrence of insolvency proceedings are ineffective; (iv) contracts cannot be terminated for reasons originating prior to the judgment starting the procedure; (v) creditors must file a statement of their claims against the debtor; and (vi) the right to set off reciprocal debts with the insolvent debtor is limited to "related" debts (*créances connexes*).

Assets subject to a lien, a pledge or a mortgage may be sold by the administrator and the secured creditors will be (partially) paid from the proceeds of the sale in accordance with their respective rank. If a protection plan of the debtor is adopted, the security interests will remain in force to secure the payments rescheduled by the court and the delays of payments fixed by the court would also be applicable to the beneficiaries of the security interests, who would be prevented from enforcing their security for so long as the rescue plan and the rescheduling of the indebtedness are complied with.

The protection procedure ends either with: (a) the approval by the Court of a protection plan, (ii) the conversion of the protection procedure (*procedure de sauvegarde*) into a rehabilitation procedure (*règlement judiciaire*); or (b) a conversion of the protection procedures into a judicial liquidation (*liquidation judiciaire*).

Rehabilitation Procedure (*plan de redressement*). The rehabilitation procedure is available to businesses which are in a state of "cessation of payments", but appear viable. Most of the organisational provisions of the protection procedure apply to the rehabilitation procedure. The rehabilitation procedure aims at drawing up a rehabilitation plan (*plan de redressement*), the main features of which are substantially similar to those of a rescue plan. The rehabilitation procedure ends with either: (i) the approval of the rehabilitation plan; (ii) a sale–of–business plan; or (iii) a judicial liquidation when no viable rehabilitation plan is available.

The approval of the rehabilitation plan by a court judgment ends the procedure. For a rehabilitation plan to be approved by the Court, the debtor must be shown on the basis of the past and forecast trading accounts that the debtor will be able to generate sufficient operational profit to repay the rescheduled liabilities and finance its day–to–day operations and business plan. The rehabilitation plan can also feature partial termination or disposal of the business. If no rehabilitation plan appears viable and if the Court has received offers for the purchase of the business of the debtor as a going concern, the Court can decide to order a Sale–of–Business Plan as in the case of judicial liquidation (see below). Alternatively and at any time during the observation period, the Court can order a Liquidation Procedure if in its view no viable rehabilitation plan is available.

***Judicial Liquidation* (*liquidation judiciaire*).** The judicial liquidation is available for companies which are in a state of "cessation of payments" and for which a recovery through a rehabilitation plan is obviously impossible. The Court appoints a liquidator, who replaces the

directors and exercises all the powers of management. The liquidator is also the representative of the creditors. Any substantial decision during the procedure is made by, or submitted for the approval of the Court.

The provisions mentioned above relating to the limitation of the rights of the creditors and antecedent transaction also apply to judicial liquidation.

The Court decides either to order the sale of part or all of the business and assets of the debtor as a going concern (i.e. pursuant to a *plan de cession* ("**Sale–of–Business Plan**")) or realises the assets either individually or by sale of self–contained groups of assets. For companies which: (i) do not employ more than five (5) employees; (ii) have no real estate assets; and (iii) have sales inferior or equal to €750,000, the assets are sold piece by piece by private sale and, the rest, by public auction.

If the Court decides that the debtor's business can be sold as a going concern (*i.e.* together with its contracts, employees and assets) pursuant to a Sale–of–Business Plan, the liquidation judgment provides for a time period decided by the Court for the implementation of such sale (*i.e.* the law provides for a three (3) month period, renewable one time for the same duration, upon the request of the Public Prosecutor). During such period the debtor operates its business in the same manner as in the framework of an observation period.

The Court may also order the sale of the entire business of the debtor, or of substantial part thereof to third party, including possibly creditors, but excluding the managers and their relatives.

A Sale–of–Business Plan is in essence an asset transaction. Therefore, the purchaser is only liable to: (i) pay the price as accepted by the Court; and (ii) comply with the commitments included in the offer. As a general rule, and subject to certain exceptions, the purchaser of the business in the framework of a Sale–of–Business Plan does not assume the liabilities of the debtor (either pre or post insolvency judgment liabilities). The creditors are repaid from the proceeds of sale and accounts receivables. The payment of the price clears all mortgages, charges and other security over the assigned assets, except security interests in relation to the financing of the acquisition of such assets. In such case, failing agreement with the secured lender, the purchaser of the relevant asset must assume the instalments which fall due as from the date of its possession.

The Sale–of–Business Plan judgment accelerates company's debts and the residual assets are realised piece–by–piece or by self–contained groups of assets.

Under the liquidation procedure, secured creditors do not, as a general rule, pursue their individual rights of action. Security rights are enforced by the liquidator and the proceeds distributed according to the order of payments provided by the law. In such case, except for certain pledges featuring a right of retention, the secured creditors may be superseded by preferential creditors (such as employees). However, in certain types of pledge, the pledgee can be attributed ownership of the relevant asset. Creditors secured by a lien, a pledge or a mortgage are allowed to enforce their security if the liquidator has not taken steps to realise the secured assets within 3 months from the judgement ordering liquidation. If the Court has authorized the debtor to continue its operations during the liquidation proceeding with the view to implementing a Sale–of–Business Plan, no enforcement can take place before the expiry of the time period imparted to carry out such plan.

In a liquidation procedure, the order of priority among the creditors is as follows: (i) unpaid salaries and related items originating prior to the insolvency judgment; (ii) legal cost (court clerk's, fees, administrators/liquidators' fees, lawyers fees incurred) in connection with the proceedings; (iii) debt in connection with new money made available pursuant to court–approved conciliation agreement (*procédure de conciliation*) prior to the insolvency judgment; (iv) mortgage, lender's lien ("*privilège de prêteur de deniers*"), pledge on equipment, pledges with retention of title originating prior to the insolvency judgment, pursuant to their chronological order of registration; (v) if unpaid when due, liabilities incurred after the insolvency judgment for the purpose of the insolvency proceedings or the operation of the business of the debtor during the insolvency proceedings; (vi) liabilities originating prior to the insolvency judgment with a general security (*e.g.* tax) or special

security other than one mentioned in paragraph (iii) above; and (vii) unsecured liabilities originating prior to the insolvency judgment.

Antecedent transactions – preferences. Certain transactions entered into between the actual date of suspension of payments ("**cessation of payments**") (which the Court can "*backdate*" up to 18 months prior to the judgment opening insolvency proceedings) and the judgment opening insolvency proceedings can be held null and void (and for transactions made for no consideration, the period can be extended up to an additional six months). A transaction made during such period is automatically void in the following cases: (i) made without consideration; (ii) "unbalanced" transaction *i.e.* the obligations of the debtor are notably in excess of those of the other party; (iii) payments of debt not yet due; (iv) payments made otherwise than in a manner commonly accepted in business transactions; (v) a deposit or an escrow of money without a final court decision; (vi) security granted for a pre–existing debt; (vii) attachment (*mesure conservatoire*) or other compensatory measure in favour of a creditor; or (viii) authorisation, exercise or resale of "stock options". Furthermore, any payment and any act or transaction for consideration made after the date of "cessation of payments" can be nullified by the Court, if those who dealt with the debtor were aware of its cessation of payments.

Creditor's priorities. The law provides an order of priority as follows: (i) unpaid salaries and related items originating prior to the insolvency judgment; (ii) legal fees in connection with the proceedings; (iii) debt in connection with new money made available pursuant to a court–approved conciliation agreement (*procédure de conciliation*) prior to the insolvency judgment; (iv) if unpaid when due, liabilities incurred after the insolvency judgment for the purpose of the insolvency proceedings or the operation of the business of the debtor during the insolvency proceedings; (v) certain legal cost originating prior to the insolvency judgment; (vi) liabilities originating prior to the insolvency judgment with a general security (*e.g.* tax) or special security: pursuant to their chronological order of registration; and (vii) unsecured liabilities originating prior to the insolvency judgment.

Assets subject to a lien, a pledge, or a mortgage may be sold by the Court appointed administrator. An amount equal to the lesser of the sale price and the secured debt, must be deposited in an account at the *Caisse des Dépôts et Consignations*. The secured creditors will be (partially) paid from this account in accordance with their respective rank as described above.

If a rehabilitation/protection plan of the debtor is adopted, the security interests will remain in force to secure the payments rescheduled by the court. The delays of payments fixed by the court would also be applicable to the beneficiaries of the security interests, who would be prevented from enforcing their security for so long as the continuation plan and the rescheduling of the indebtedness are complied with. If no rehabilitation/protection plan of the debtor is adopted, the secured creditors will be paid in the context of the Liquidation Procedure (i.e. Sale of Business Plan or liquidation of assets or group of assets).

Liability of directors and officers in the case of insolvency of a debtor. *De facto* or *de jure* managers, directors and officers (*dirigeants de fait ou de droit*) of an insolvent debtor may have to pay all or part of the liabilities of the company: (a) if they are found guilty of misconduct in the management of the company's business (*faute de gestion*); or (b) if they have in particular: (i) used the company's credit or assets in their own interests; or (ii) "wrongfully" continuing the business of the insolvent company solely in the interests of such managers, knowing that it was generating losses that would lead to insolvency; or (c) fraudulently hidden part of the assets of the company or increased its debts and that such faults have contributed to the insolvency of the company. Subject to certain conditions, such managers may also be sentenced to: (i) personal sanction ("*faillite personnelle*"); and/or (ii) imprisonment for up to five years and/or a fine of a maximum amount of Euro 75,000 and/or other sanctions in cases of fraudulent bankruptcy ("*délit de banqueroute*").

Insolvency consolidation. In accordance with article L.621–2 of the Commercial Code, a Court may extend bankruptcy proceedings of one company to another, even when the second company is not insolvent in the case of: (i) the merging of assets and liabilities between the companies (*confusion des patrimoines*); and (ii) the fictitious nature of the companies (*fictivité*).

Insolvency of the Tour Esplanade Borrower; Enforcement of Related Security. The Tour Esplanade Borrower and the other parties to the Tour Esplanade Loan Agreement and ancillary documentation which are incorporated under the laws of France are subject to the provisions of French insolvency legislation. The Issuer, as beneficiary of the security interests granted in connection with the transfer of the Tour Esplanade Loan Agreement, will have certain rights under the Tour Esplanade Loan Agreement if the Tour Esplanade Borrower becomes insolvent or subject to a moratorium, and certain rights to enforce its security. However, the rights of creditors of insolvent French companies are limited by law; self–help remedies, for example appointing a receiver in respect of a property and controlling the manner and timing of the sale of secured collateral, are also generally prohibited by mandatory provisions of French law.

THE LOAN PORTFOLIO

(A) **General**

The Loan Portfolio

The "**Loan Portfolio**" includes:

1. A Whole Loan (the "**Bridge Whole Loan**") made to a group of borrowers, namely Berlin (Bridge) S.à.r.l., Dusseldorf (Bridge) S.à.r.l., Eschborn (Bridge) S.à.r.l., Galluspark (Bridge) S.à.r.l., Sulzbach (Bridge) S.à.r.l. and Wiesbaden (Bridge) S.à.r.l. (collectively the "**Bridge Borrowers**") for the acquisition of office properties in Berlin, Dusseldorf, Eschborn, Wiesbaden, Sulzbach and Frankfurt (the "**Bridge Properties**").

2. A Whole Loan (the "**Falcon Crest Whole Loan**") made to a group of affiliated borrowers, namely EIF Asset GmbH & Co. KG, CIF 1 Asset GmbH & Co. KG, CIF 2 Asset GmbH & Co. KG, CIF 3 Asset GmbH & Co. KG, ALC Asset GmbH & Co. KG, Zweigstraße Asset GmbH & Co. KG, WB Industrieweg Asset GmbH & Co. KG, FIF 1 Asset GmbH & Co. KG, FIF 2 Asset GmbH & Co. KG, FIF 3 Asset GmbH & Co. KG, Capricorn GmbH (formerly CIF Capricorn Immobilien Fonds GmbH & Co. KG)(collectively the "**Falcon Crest Borrowers**") for the refinancing of several commercial, residential and mixed-use properties in, *inter alia*, Berlin, Munich, Hamburg, Hannover, and Langenhagen (the "**Falcon Crest Properties**");

3. A Whole Loan (the "**E-Shelter Whole Loan**") made to E-Shelter GmbH & Co. KG (the "**E-Shelter Borrower**") for the refinancing of and property improvements in relation to a commercial property in Frankfurt am Main (the "**E-Shelter Property**") and for general corporate purposes of the borrower;

4. A Whole Loan (the "**Thunderbird Whole Loan**") made to a group of affiliated borrowers, namely Thunderbird A S.à r.l., Thunderbird B S.à r.l., Thunderbird C S.à r.l., Thunderbird D S.à r.l., Thunderbird F S.à r.l., Thunderbird G S.à r.l., Thunderbird H S.à r.l., Thunderbird I S.à r.l., Thunderbird J S.à r.l., Thunderbird K S.à r.l., Thunderbird L S.à r.l., Thunderbird M S.à r.l., Thunderbird N S.à r.l., Thunderbird O S.à r.l., Thunderbird P S.à r.l., Thunderbird Q S.à r.l. and Thunderbird S S.à r.l., (collectively the "**Thunderbird Borrowers**") for the acquisition of commercial or residential properties in Berlin (the "**Thunderbird Properties**").

5. A Whole Loan (the "**Woolworth Boenen Whole Loan**") made to Terra Heimbau Bönen S.à.r.l. & Co. KG, (the "**Woolworth Boenen Borrower**") for the acquisition of a commercial property in Bönen (Ruhr region) (the "**Woolworth Boenen Property**");

6. A Whole Loan (the "**Firebird Whole Loan**") made to a group of affiliated borrowers, namely Phoenix II Mixed H s.à.r.l, Phoenix II Mixed I s.à.r.l, Phoenix II Mixed J s.à.r.l, Phoenix II Mixed K s.à.r.l, Phoenix II Mixed L s.à.r.l, Phoenix II Mixed M s.à.r.l and Phoenix II Mixed N s.à.r.l (collectively the "**Firebird Borrowers**") for the acquisition of commercial or residential properties in Berlin (the "**Firebird Properties**").

7. A Loan (the "**Grazer Damm 2 Loan**") made to Conwert Grazer Damm Development GmbH (the "**Grazer Damm 2 Borrower**") for the acquisition of the hereditary building rights in relation to Blocks 2100, 2101, 2102 and 2105, Grazer Damm in Berlin (the "**Grazer Damm 2 Properties**");

8. A Loan (the "**Built Loan**") made to a group of affiliated borrowers, namely German Discount Property Portfolio Limited, Objekt Alt Kaulsdorf 1 Verwaltungs GmbH and GDPP2 Limited (collectively the "**Built Borrowers**") for the acquisition of 5 discount retail properties (including one hereditary building right (*Erbbaurecht*), the "**Built Hereditary Building Right**") located throughout central Germany in Alt-Kaulsdorf, Hildesheim, Steinheim, Wolfenbüttel and Borchen (the "**Built Properties**");

9. A Loan (the "**Tresforte Loan**") made to a group of affiliated borrowers, namely MKCEF Utrecht B.V., MKCEF Amersfoort 1 B.V., MKCEF Amersfoort 2 B.V., MKCEF Amersfoort 3 B.V., MKCEF Amersfoort 4 B.V., MKCEF Amersfoort 5 B.V., MKCEF Nieuwegein 1 B.V., MKCEF Nieuwegein 2 B.V., MKCEF Breda 1 B.V., MKCEF Breda 2 B.V., MKCEF Purmerend B.V., MKCEF Zwolle 1 B.V., MKCEF Zwolle 2 B.V., MKCEF Apeldoorn B.V., MKCEF Arnhem B.V., MKCEF Zoetermeer B.V. and MKCEF Delft B.V. (collectively the "**Tresforte Borrowers**") for the acquisition of office properties in Utrecht, Amersfoort, Nieuwegein, Breda, Purmerend, Zwolle, Apeldoorn, Arnhem, Zoetermeer and Delft (the "**Tresforte Properties**") whereby MKCEF Holland Holdings B.V. (being the immediate parent of each of the Tresforte Borrowers (the "**Tresforte Parent**")) acquired the Tresforte Properties with the intention to push down the Tresforte Properties to the relevant Tresforte Borrowers after closing;

10. A Loan (the "**Lightning Dutch Loan**") made to a group of affiliated borrowers, namely Cstone3 Capelle aan den IJssel (Holland) B.V., Cstone3 Leusden (Holland) B.V., Cstone3 Rotterdam (Holland) B.V. and Cstone3 Utrecht (Holland) B.V. (collectively the "**Lightning Dutch Obligors**" and together with Curzon Capital Capelle B.V., Curzon Capital Leusden B.V., Curzon Capital Rotterdam B.V., Curzon Capital Utrecht B.V. (each a "**Lightning Dutch PropCo**") and Lightning Dutch HoldCo, the "**Lightning Dutch Obligors**) for the acquisition of several office and mixed-use properties in Capelle aan den IJssel, Leusden, Rotterdam and Utrecht (the "**Lightning Dutch Properties**", and together with the Tresforte Properties, the "**Dutch Properties**")

11. A Whole Loan (the "**Corvatsch Secured Whole Loan**") made to a group of affiliated borrowers, namely Rosetabor I SA, Rosetabor II SA, Rosetabor III SA, Rosetabor IV SA, Rosetabor V SA, Rosetabor VI SA, Rosetabor VII SA, Rosetabor VIII SA, Rosetabor IX SA, Rosetabor X SA, Rosetabor XI SA and Rosetabor XII SA (collectively the "**Corvatsch Borrowers**") for the acquisition of properties in Cantons of Basel (one property), Fribourg (one property), Geneva (three properties), Ticino (two properties), Vaud (three properties) and Zurich (two properties) (the "**Corvatsch Properties**").

12. A Loan (the "**Corviglia Secured Loan**") made to Durango Switzerland BV, Amsterdam, Netherlands (the "**Corviglia Borrower**" for the acquisition of office properties in Bern (three properties), Fribourg (one property), Geneva (one property), Neuchatel (one property), St.Gallen (one property), Solothurn (one property) and Zurich (two properties) (the "**Corviglia Properties**")

13. A Loan (the "**Cinedome Secured Loan**") made to Rosetabor XIII SA (the "**Cinedome Borrower**" and together with the Corvatsch Borrowers and the Corviglia Borrower "**Swiss Borrowers**") for the acquisition of property in Abtwil (SG) and St. Gallen (SG) (the "**Cindeome Properties**").

14. A Loan (the "**Fortezza Loan Portfolio**") made to a joint stock company, named Torre RE Speculative SGR p.A., incorporated under the laws of Italy, as managing company of, and in the name of and on behalf of, the closed ended real estate speculative fund named Torre RE Fund I (the "**Fortezza Borrower**"). The Fortezza Loan Portfolio is comprised of two acquisition facilities set out in separate loan agreements governed by Italian law: one facility (the "**IFB & Pavia Facility**") is made for the acquisition of office properties in Milan, Lecco, Grosseto and Sesto San Giovanni (Milan) (the "**IFB Portfolio**") and Pavia (the "**Pavia Property**"), and the other facility (the "**Naples Facility**") for the acquisition of office property in Naples (the "**Naples Property**" and, together with the IFB Portfolio and the Pavia Property, the "**Fortezza Properties**"). The Fortezza Loan Portfolio also comprises two VAT facilities, set out in separate loan agreements governed by Italian law, the purpose of which is to provide the Borrower with the amounts necessary to pay the VAT payable in respect of the acquisition price of each property (the "**Fortezza VAT Facilities**"); and

15. A Loan (the "**Tour Esplanade Loan**") made to TS Tour Esplanade Holdings SAS, a French societe par actions simplifiée, and to Tour Esplanade, a French société civile immobiliére for the acquisition of an office property located in Puteaux, France (the "**Tour Esplanade**

Property"), it being specified that TS Tour Esplanade Holdings SAS has, in its capacity as unique shareholder of the shares of Tour Esplanade, decided on 23 November 2006 the dissolution of Tour Esplanade under article L. 1844-5 of the French *Code Civil* and the universal transfer of patrimony of Tour Esplanade to its benefit, without its liquidation, and that this dissolution without liquidation has become effective as against third parties on 2 January 2007.

The Bridge Whole Loan, the E-Shelter Whole Loan, the Thunderbird Whole Loan, the Firebird Whole Loan, the Falcon Crest Whole Loan, the Woolworth Boenen Whole Loan, the Grazer Damm 2 Loan and the Built Loan are together referred to herein as the "**German Loans**", the Tresforte Loan and the Lightning Dutch Loan are together referred to herein as the "**Dutch Loans**", the Corvatsch Secured Whole Loan, the Corviglia Secured Loan and the Cinedome Secured Loan are together referred to herein as the "**Swiss Secured Loans**", the Tour Esplanade Loan is also referred to herein as the "**French Loan**" and the Fortezza Loan Portfolio is also referred to herein as the "**Italian Loan**".

Each of the German Loans, the Dutch Loans, the Swiss Secured Loans, the Italian Loan and the French Loan are described in greater detail below (see "*The Loans - Individual Loan Summaries*").

The following terms, as used in this Prospectus, have the meanings indicated below.

"**Borrowers**" means, collectively, the Bridge Borrowers, the Tour Esplanade Borrower, the E-Shelter Borrower, the Thunderbird Borrowers, the Fortezza Borrower, the Falcon Crest Borrowers, the Tresforte Borrowers, the Corvatsch Borrowers, the Lightning Dutch Obligors, the Woolworth Boenen Borrower, the Firebird Borrowers, the Grazer Damm 2 Borrowers, the Built Borrowers, the Corviglia Borrower and the Cinedome Borrower.

"**Finance Document**" means the Loans, any security documents relating to the Loans, and any other document designated as a finance document by the relevant Borrower and the Lender under a Loan.

"**Finance Party**" means any party under a Finance Document not being an obligor or a Borrower.

"**Loan Allocation**" means in respect of any Property the amount of the relevant Loan agreed by the relevant Borrower(s) as attributable to that Property, if any.

"**Loan to Value Ratio**" means, with respect to each Loan, on a particular date, the ratio of the outstanding loan amount (excluding any VAT facilities or undrawn capex facilities) to the value of the relevant Property or Properties, expressed as a percentage.

"**Majority Lender**" means a Lender or Lenders under each or any of the Loans whose aggregate commitment under a Loan is more than $66^{2}/_{3}$per cent. of the total commitments under each Loan if the Loan is still outstanding, or at any other time a Lender or Lenders whose participations in the Loan then outstanding aggregate more than $66^{2}/_{3}$per cent. of the Loan the outstanding.

"**Properties**" means, collectively, the Bridge Properties, the E-Shelter Properties, the Thunderbird Properties, the Woolworth Boenen Properties, the Firebird Properties, the Grazer Damm 2 Properties, the Built Properties, the Falcon Crest Properties, the Tresforte Properties, the Lightning Dutch Properties, the Corvatsch Properties, the Corviglia Properties, the Cinedome Property, the Fortezza Properties and the Tour Esplanade Property.

Summary Loan Statistics

	Bridge	Tour Esplanade	Thunderbird	Fortezza	Falcon Crest	E-Shelter	Tresforte	Lightning Dutch	Corvatsch	Woolworth Boenen	Corviglia	Firebird	Grazer Damm 2	Cinedome	Built
Number of Properties	6	1	42	6	38	1	17	5	12	1	10	18	4	1	5
Cut-Off Securitised Balance (€) [(1)]	342,090,000	260,200,000	137,409,436	131,555,314	128,163,295	122,725,000	74,940,224	66,300,000	63,629,652	48,908,462	48,486,280	28,232,381	23,385,000	12,281,759	9,100,000
% of Aggregate Cut-Off Securitised Balance	22.8%	17.4%	9.2%	8.8%	8.6%	8.2%	5.0%	4.4%	4.2%	3.3%	3.2%	1.9%	1.6%	0.8%	0.6%
Cumulative Property Value (€) [(2)]	493,700,000	381,000,000	158,776,000	149,100,000	173,110,000	168,100,000	89,060,000	88,400,000	70,617,041	69,640,000	58,017,225	29,056,000	42,324,000	18,960,320	10,625,000
% of Aggregate Property Value	24.7%	19.0%	7.9%	7.5%	8.7%	8.4%	4.5%	4.4%	3.5%	3.5%	2.9%	1.5%	2.1%	0.9%	0.5%
Cut-Off Date LTV (%) [(2)(5)]	69.3%	67.5%	78.1%	69.4%	74.0%	64.1%	84.1%	75.0%	85.7%	70.2%	83.6%	83.3%	55.3%	64.8%	85.6%
Maturity Date LTV (%) [(2)(3)(4)(5)]	69.3%	67.5%	76.0%	69.4%	63.2%	59.3%	78.2%	75.0%	80.8%	63.2%	78.4%	81.1%	51.1%	58.1%	74.2%
Cut-Off Date ICR [(5)]	1.79	1.51	1.47	1.62	1.52	2.05	1.58	2.22	2.00	2.18	1.76	1.66	1.61	1.68	1.60
Maturity Date [(3)]	15-Jan-14	15-Oct-16	15-Oct-09	12-Jan-14	15-Jul-13	15-Jan-12	15-Jan-12	15-Oct-11	15-Oct-11	15-Jul-13	15-Apr-11	15-Oct-08	15-Jan-12	15-Apr-12	15-Jul-11

(1) Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn. The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.

(2) Based on Valuations. See *"The Loan Portfolio - General considerations on the origination of the Loans - Valuations"*.

(3) The following Loans may, at the option of the relevant Borrowers and upon satisfaction of certain conditions, be extended: Thunderbird Loan for a period of 1 or 2 years to 15 October 2011, Corvatsch Loan for a period of 2 years to 15 October 2013,
Lightning Dutch Loan for a period of 1 or 2 years to 15 October 2013, Corviglia Loan for a period of 1 year to 15 April 2012, Firebird Loan for a period of 1 or 2 years to 15 October 2010.

(4) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

(5) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

Region and Town

Country	Region	Number of Properties	Aggregate Cut-Off Securitised Balance (€) [1]	% of Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) [2]	% of Aggregate Property Value	Weighted Average Cut-Off Allocated LTV (%) [2][3]	Weighted Average Exit LTV (%) [2][3][4]
Germany	Hesse	5	372,466,145	24.9%	528,900,000	26.4%	67.6%	66.1%
Germany	Berlin	96	360,141,146	24.1%	463,481,000	23.2%	73.9%	65.5%
Germany	North Rhine-Westphalia	2	78,158,356	5.2%	111,840,000	5.6%	69.9%	65.5%
Germany	Lower Saxony	9	17,436,952	1.2%	24,410,000	1.2%	71.4%	n/a
Germany	Hamburg	1	7,592,929	0.5%	10,900,000	0.5%	69.7%	n/a
Germany	Bavaria	1	3,382,125	0.2%	4,600,000	0.2%	73.5%	49.5%
Germany	Schleswig-Holstein	1	835,919	0.1%	1,200,000	0.1%	69.7%	n/a
France	Ile de France	1	260,200,000	17.4%	381,000,000	19.0%	67.5%	67.5%
The Netherlands	Utrecht Area	10	70,642,119	4.7%	89,930,000	4.5%	78.6%	76.3%
The Netherlands	South Holland	5	35,374,686	2.4%	45,670,000	2.3%	77.5%	75.9%
The Netherlands	Overijssel	2	23,501,913	1.6%	27,930,000	1.4%	84.1%	78.2%
The Netherlands	Gelderland	2	6,639,101	0.4%	7,890,000	0.4%	84.1%	78.2%
The Netherlands	North Brabant	2	2,835,713	0.2%	3,370,000	0.2%	84.1%	78.2%
The Netherlands	North Holland	1	2,246,692	0.2%	2,670,000	0.1%	84.1%	78.2%
Italy	Lombardy	4	71,010,710	4.7%	82,200,000	4.1%	68.0%	68.0%
Italy	Campania	1	55,778,764	3.7%	61,400,000	3.1%	71.5%	71.5%
Italy	Tuscany	1	4,765,841	0.3%	5,500,000	0.3%	68.2%	68.2%
Switzerland	Basel	1	24,564,937	1.6%	24,297,139	1.2%	96.2%	90.6%
Switzerland	St Gallen	2	14,826,486	1.0%	21,771,763	1.1%	68.1%	61.6%
Switzerland	Genève	4	16,432,476	1.1%	18,334,666	0.9%	85.6%	80.6%
Switzerland	Fribourg	2	13,721,647	0.9%	15,969,855	0.8%	84.5%	79.4%
Switzerland	Bern	3	12,585,498	0.8%	15,761,919	0.8%	79.8%	74.9%
Switzerland	Zürich	4	11,591,210	0.8%	13,938,480	0.7%	81.7%	76.8%
Switzerland	Ticino	2	9,431,643	0.6%	13,657,951	0.7%	65.7%	61.9%
Switzerland	Solothurn	1	10,559,183	0.7%	12,366,656	0.6%	85.4%	80.1%
Switzerland	Vaud	3	5,714,580	0.4%	5,880,652	0.3%	92.5%	87.1%
Switzerland	Neuchâtel	1	4,970,031	0.3%	5,615,503	0.3%	88.5%	83.0%

(1) Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.
(2) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(3) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.
(4) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

Properties by Country

Country	Number of Properties	Aggregate Cut-Off Securitised Balance (€) (1)	% of Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) (2)	% of Aggregate Property Value	Weighted Average Cut-Off Allocated LTV (%) (2)(3)	Weighted Average Exit LTV (%) (2)(3)(4)
Germany	115	840,013,573	56.1%	1,145,331,000	57.3%	70.5%	67.3%
France	1	260,200,000	17.4%	381,000,000	19.0%	67.5%	67.5%
The Netherlands	22	141,240,224	9.4%	177,460,000	8.9%	79.6%	76.6%
Italy	6	131,555,314	8.8%	149,100,000	7.5%	69.4%	69.4%
Switzerland	23	124,397,692	8.3%	147,594,586	7.4%	82.2%	76.9%

(1) Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.
(2) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(3) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.
(4) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

Property Usage Type

Use Type	Number of Properties	Aggregate Cut-Off Securitised Balance (€) (1)	% by Aggregate Cut-Off Securitised Balance	Aggregate Property Value (€) (2)	% of Aggregate Property Value (2)	Weighted Average Cut-Off Allocated LTV (%) (2)(3)	Weighted Average Exit LTV (%) (2)(3)(4)
Office	45	875,744,200	58.5%	1,201,195,143	60.0%	70.2%	70.7%
Retail	6	10,144,899	0.7%	12,125,000	0.6%	83.7%	80.8%
Industrial	3	52,907,920	3.5%	73,797,604	3.7%	71.5%	65.1%
Datacentre	1	122,725,000	8.2%	168,100,000	8.4%	64.1%	59.3%
Mixed Use	69	312,060,329	20.8%	370,846,839	18.5%	79.2%	75.4%
Multifamily	43	123,824,455	8.3%	174,421,000	8.7%	70.4%	53.9%

(1) Includes VAT Facilities and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Bridge Loan, the Falcon Crest Loan, the E-Shelter Loan, the Woolworth Boenen Loan are based on the size of the relevant A piece for the related Whole Loan as at the Cut-Off Date.
(2) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*"
(3) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.
(4) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place with the exception of the Falcon Crest Loan.

General considerations on the origination of the Loans

Unless specifically stated otherwise in the individual Loan description set out below (see "*The Loans - Individual Loan Summaries*"), the following descriptions apply to each of the Loans.

General. The relevant Originator (prior to the origination of all the Loans) undertook certain due diligence procedures in order to evaluate the ability of the Borrowers under each of the relevant

Loans to service their respective loan obligations and the quality of the properties securing the relevant Loans. The procedures undertaken included analyses of the contractual cashflows, tenant covenant quality, lease terms, building quality, and management of the Properties provided or procured by the Borrowers. In addition to the due diligence performed internally by the relevant Originator, third parties were engaged on the relevant Originator's behalf by the Borrowers to carry out valuations (the "**Valuations**"). Third parties were also engaged on the Originator's behalf by the Borrowers to carry out environmental assessments in respect of most of the Properties and structural surveys. Such surveys were obtained at the time of origination of each Loan. See "*Risk Factors - Considerations Related to the Loans - Due Diligence*".

Valuations. Each of the Properties was valued in connection with the origination of the related Loan or the acquisition of the Properties. There can be no assurance that another appraiser would have arrived at the same opinion of value or that the value of any of the Properties has not changed materially since the date of valuation. See "*Risk Factors - Considerations Related to the Loans – Limitations of Valuations*".

Environmental Assessments. Environmental assessments have been carried out in respect of the vast majority of Properties on behalf of the relevant Originator and, in the Loan Sale Agreement, each Originator will warrant that it is not aware of any material environmental conditions with respect to any Property which could result in a material adverse effect on the related Borrowers' business or results of operations. See "*Risk Factors - Considerations Related to the Loans - Environmental Considerations*".

Insurance. The Loan Agreements require each of the Borrowers to maintain insurance with substantial and reputable insurers approved by the Issuer or the relevant Security Agent (as applicable). The amount covered is required to be at least the full reinstatement value of the insured property, with provision also being made for the cost of clearing the site and architects', engineers', surveyors' and other professional fees incidental thereto. Cover must also be maintained for loss of rent. The Borrowers are also required to maintain insurance against third party risks and public liability risks.

The Loan Agreements (other than the Fortezza Loan Portfolio Agreements and the Tour Esplanade Loan Agreement) require the Borrowers to ensure that the relevant building insurance policies are applicable to the related Properties, name the relevant Security Agent as co-insured, and that the policies stipulate that any insurance proceeds are to be paid directly to the relevant Security Agent with the exception of third party insurance (except for the Swiss Secured Loans). Subject to the terms of any occupational leases and/or the relevant insurance policy all proceeds of insurance will be used, at the option of the relevant Security Agent, or, in the case of the Swiss Unsecured Loans, the lender thereunder, in or towards prepayment or repayment of the related Loan. Administration of the insurance arrangements will be delegated by the relevant Security Agent to the Master Servicer and the Special Servicer or the Italian Master Servicer or the Italian Special Servicer as applicable in accordance with and pursuant to the terms of the Servicing Agreement.

In relation to the Fortezza Loan Portfolio, the Borrower has executed a deed of charge over insurance policies (*atto di vincolo di polizza assicurativa*) in favour of the Lender with respect to each Fortezza Property, which entitles the Lender to apply insurance proceeds in or towards prepayment or repayment of the related facility if an event of default under the relevant loan agreement occurs.

Under the Tour Esplanade Loan, the Tour Esplanade Borrower is responsible for administering the insurance.

Legal Due Diligence. In respect of each Property, certificates of title, reports on title or legal due diligence reports were issued by lawyers or notaries, prior to origination of the relevant Loans (and which certificates of title and reports on title were reviewed on behalf of the relevant Originator (in their capacity as counsel to that Originator only) prior to the origination of the Loans by Clifford Chance LLP, Clifford Chance *Partnerschaftsgesellschaft*, Allen & Overy, Herbert Smith LLP, Gleiss Lutz, Mayer Brown Rowe & Maw LLP, Advokatfirman Cederquist KB, Sidley Austin LLP,

De Brauw, Blackstone Westrbroek and Meyer Lustenberger (Zurich). For the scope and date of the due diligence see "*Risk Factors - Due Diligence*".

Local counsel were also engaged to conduct certain due diligence on Borrowers and other obligors under the Loans.

General Description of the Borrowers

Each of the Borrowers (other than the Fortezza Borrower) is a special purpose entity whose activities are limited to owning and operating the related Properties and related activities consistent with the relevant Loan Agreement.

The Fortezza Borrower is a close ended real estate speculative fund, whose purpose is to manage its assets by making investments (mainly in real estate properties) in order to increase the value of such assets and consequently of each unit of the Fund.

These Borrowers are also prohibited under the related Loan Agreement from incurring any material liabilities other than the related Loan, liabilities arising from the ownership and operation of the related Properties and, with respect to each Borrower, subordinate indebtedness.

Certain general terms of the Loan Agreements

The Loans have certain general characteristics in common. These common characteristics are set out below. For a more detailed description of each specific loan, please see "*The Loans - Individual Loan Summaries*").

Further Advances and Repayments. Neither the Issuer and/or LBF and/or the Italian Issuer are obliged to make any further advance to a Borrower after the Closing Date or the Italian Issue Date, as applicable. Furthermore, following the sale of the Loans to the Issuer and/or LBF and/or the Italian Issuer, as applicable, and consequent transfer to the Issuer and/or LBF and/or the Italian Issuer of the beneficial interests in the Related Security, the Master Servicer or the French Servicer or the Italian Master Servicer will not be permitted under the Servicing Agreement to agree to an amendment of the terms of a Loan that would require the Issuer, LBF or the Italian Issuer to make any further advances to a Borrower.

Amortisation Payments/Repayments. As set out under the more detailed descriptions of the Loans below, certain of the Loans are partially amortising and all provide for a balloon or bullet payment at maturity of such Loan. Each of the related Loan Agreements provide for compulsory prepayments on the sale of Properties (as set out in the detailed Loan descriptions). In addition, each of the related Loan Agreements (except for the Corviglia Secured Loan) permits voluntary prepayments upon the giving of notice and payment of applicable breakage costs and prepayment fees, if any. All of the Loans permit full and partial voluntary prepayments.

Intercreditor Agreements

Each of the Bridge Whole Loan, the Woolworth Boenen Whole Loan, the Falcon Crest Whole Loan and the E-Shelter Whole Loan will have A Pieces and B Pieces and in addition, the Firebird Whole Loan, the Thunderbird Whole Loan, the Corvatsch Unsecured Whole Loan and the E-Shelter Whole Loan may also have Capex B Pieces. All of these Whole Loans will have intercreditor arrangements in place (the "**Intercreditor Agreements**"). These Intercreditor Agreements contain some or all of the following terms:

(a) Whilst no Material Event of Default (as defined in the relevant Intercreditor Agreement) is continuing, all interest payments, scheduled fixed principal amortisation and mandatory prepayments of principal following a disposal of a Property received from the Borrower or Borrowers, as the case may be (other than Prepayment Fees) will be applied *pari passu* and *pro-rata* between the Issuer and the relevant B Piece Lender (based on the proportion of the A Piece to the then outstanding principal balance of that Loan and the proportion of the B Piece to the then outstanding principal balance of that Loan, respectively). Any voluntary

prepayments of principal received from the Borrower which are not in connection with a disposal of a Property will be applied firstly to repay the B Piece Lender and once the B Piece Lender has been repaid in full, will be paid to the Issuer.

(b) If a Material Event of Default (as defined in the relevant Intercreditor Agreement) has occurred and is continuing, all interest payments received from the Borrower will firstly be applied to the Issuer until all interest due to the Issuer in relation to the relevant A Piece has been paid in full and then will be applied, amongst other things, to pay all interest due to the B Piece Lender. Additionally, all principal payments received from the Borrower will firstly be applied to the Issuer until all principal in relation to the relevant A Piece has been repaid and then will be applied to repay all principal due to the B Piece Lender.

(c) Each B Piece Lender will be permitted to cure a Payment Default (as defined in the relevant Intercreditor Agreement) and/or breaches of financial covenants by any Borrower under a Loan (each, a "**Cure Payment Default**") by making cure payments ("**Cure Payments**") in respect of interest payments, principal repayments or other amounts during the relevant Grace Period (as defined in the relevant Intercreditor Agreement). Each B Piece Lender is prohibited from making more than two consecutive Cure Payments in any 12 month period or more than four Cure Payments in the aggregate. If a specific B Piece Lender, by making a Cure Payment, cures all payment defaults committed by the relevant Borrower, then that Borrower will be deemed not to have committed an event of default pursuant to the relevant Whole Loan and consequently, as regards such payment default, (a) that Whole Loan will not be accelerated, (b) that Whole Loan will not become a Specially Serviced Loan (and no Special Servicing Fee will accrue) and (c) the Security in respect of that Loan will not become enforceable.

Each B Piece Lender shall have an unlimited right to cure non-monetary events of default, provided that the relevant event can be cured to the satisfaction of the relevant Servicer.

The B Piece Lenders will also be entitled to prevent the occurrence of a Control Valuation Event by delivering to the relevant Servicer either cash collateral or a standby letter of credit from a bank or financial institution for an amount which, when added to the value of the relevant Property or Properties, would mean that a Control Valuation Event would not occur under the terms of the relevant Intercreditor Agreement. In addition, the B Piece Lenders will be entitled to remedy an interest cover ratio breach by putting a deposit into the relevant Tranching Account which is sufficient to remedy such breach or by delivering to the relevant Servicer a standby letter of credit from a bank or financial institution.

"**Control Valuation Event**" means, subject as otherwise provided below, in respect of each Whole Loan, an event or circumstance which occurs if and for so long as:

(i) the difference between (1) the then outstanding principal balance of the B Piece and (2) the sum of (x) any Valuation Reduction Amounts and (y) losses realised with respect to any liquidation of the Properties (based upon amounts collected and allocated to the lenders and the related release price), is less than

(ii) 25 per cent. of the then outstanding principal balance of the B Piece.

"**Valuation Reduction Amount**" will be an amount equal to the excess of:

(i) the outstanding principal balance of the Whole Loan less the aggregate amount standing to the credit of the Disposal Account (as defined in the Loan Agreement) over

(ii) the excess of:

(i) 90 per cent. of the value of the Properties (net of any prior security interests secured on the Properties) as determined from the most recent valuation over

(ii) the sum of: (1) all unpaid interest on the Whole Loan (excluding Default Interest); (2) all unreimbursed expenses relating to the servicing of the Whole Loan; (3) any other unpaid fees, costs, expenses and other amounts of any party that are payable prior to the Issuer or the B Piece Lender; and (4) all ground rents and insurance premia then currently due and payable but unpaid and all other amounts due and unpaid with respect to the Whole Loan (net of any amount held in the Rent Account in respect of such items).

(d) If a Purchase Event (as defined in the Intercreditor Agreement) is continuing (namely, enforcement action has been commenced, a Material Event of Default has occurred or a Control Valuation Event has occurred) in respect of a Whole Loan, the relevant B Piece Lender will be permitted to purchase the A Piece ("**B Piece Lender Purchase Option**") from the Issuer in an amount equal to the then principal amount outstanding of the A Piece plus accrued interest, plus costs, fees and expenses of the Issuer with respect thereto (including costs, termination payments and expenses under any relevant Swap Agreement), an amount in respect of any Loan Protection Advances made by any Servicer and any liquidity advances made to the Issuer with respect to the A Piece. If a B Piece Lender exercises the B Piece Lender Purchase Option, the principal element of the purchase price will be treated as Available Principal Prepayments and the interest element of the purchase price will be treated as Issuer Interest Collections, each of which will be applied in accordance with the applicable Issuer Priority of Payments. See "*Application of Funds*".

(e) The consent of the B Piece Lender will be required for any of the following changes to the Finance Documents (as defined in the Loan Agreements):

(i) any change to the date for payment of any amount by a Borrower under the Finance Documents;

(ii) any change to the margin or change to the amount of principal, interest, fees or other amounts payable by a Borrower or Borrowers under the Finance Documents;

(iii) any change to the basis upon which interest, fees (for the avoidance of doubt not in relation to Prepayment Fees and Extension Fees) or other payments are calculated in accordance with the original provisions of the Finance Documents;

(iv) any change to the currency of any amount payable under the Finance Documents;

(v) an increase in, or an extension of, any commitment under the Loan Agreement;

(vi) the definition of "Majority Lenders" in the Facility Agreement;

(vii) a term of a Finance Document which expressly requires the consent of each Lender;

(viii) the definition of "Event of Default" in the Facility Agreement;

(ix) any release of the security provided for the Whole Loan;

(x) any change to the right of the Issuer or the B Piece Lender to assign or transfer its rights or obligations under the Finance Documents;

(xi) any change to the rights of the Issuer or the B Piece Lender against the other or the priority or subordination achieved or intended to be achieved by the relevant Intercreditor Agreement;

(xii) any change to the insurance requirements set out in the Loan Agreement or to any insurance policy effected in accordance therewith;

(xiii) the incurring or agreement to incur any expense in relation to a Property by the relevant Security Agent or a receiver (other than the fees of a receiver) or any

expense incurred by an administrator with the approval of the Security Agent to the extent the Issuer and B Piece Lender indemnify the relevant Security Agent, receiver or other person;

(xiv) any other material changes to the non-monetary provisions of the Finance Documents which may materially adversely affect the value of the Property or the enforceability of the Finance Documents;

(xv) any change in the identity of the managing agent in respect of a Property; and/or

(xvi) any consent required under the clauses of the Loan Agreement dealing with repairs and alterations or occupational leases;

provided that, the consent of the B Piece Lender will not be required for items (ix) to (xvi) above if a Control Valuation Event is continuing. If a Control Valuation Event is not continuing, the consent of the Controlling Class will not be required for items (ix) to (xvi) above while the B Piece is outstanding.

(f) If a Control Valuation Event is not continuing, the B Piece Lender may require the replacement of the Special Servicer in respect of the related Specially Serviced Loan if the conditions specified in "*Servicing of the Loans - Termination of the Master Servicer or Special Servicer*" are satisfied in respect of the replacement special servicer.

(g) The B Piece Lender may require the Issuer to instruct the Security Agent to take enforcement action with respect to the Whole Loan if:

(a) payment under the Whole Loan has been accelerated under the Loan Agreement;

(b) a Control Valuation Event has not occurred; and

(c) the market value of the Properties is greater than 125 per cent. of the A Piece.

(h) For the purpose of making the determinations in (g) above, the market value of the Properties shall be determined in accordance with the most recent valuation for the Properties obtained from a chartered surveyor. However, if such valuation is more than six months old and if the Issuer or the B Piece Lender requires, the Agent shall obtain a new valuation for the purposes of making these determinations. If a new valuation is requested, the B Piece Lender shall not have the right to realise or take any action to realise the Security until in the case of some Intercreditor Agreements, the date that such new valuation has been obtained and, in the case of other Intercreditor Agreements, the earlier of (a) sixty days from the date that the relevant lender requested in writing that the Agent obtain a new valuation and (b) the date such new valuation has been obtained.

(i) If a B Piece Lender becomes aware or is informed at any time that a Borrower is unable to fulfil its payment obligations in respect of any amount then due and payable under the B Piece due to lack of funds, the B Piece Lender has agreed in the relevant Intercreditor Agreement that any such shortfall in the amount that the Borrower is then required to pay shall be deferred and that such amount shall not be due and payable until the next Note Payment Date on which the Borrower has sufficient funds to pay such shortfall. Any such deferral shall not constitute a waiver of any amount owed by the Borrower and the amounts deferred shall (if not paid before hand) become immediately due and payable as and when any lender takes (or directs) any enforcement action with respect to the Whole Loan.

The Security Package - General Considerations

General. The security described in each section below is granted in favour of each relevant Security Agent as the relevant Security Agent for each of the Loans or, (i) in respect of the Fortezza Loan Portfolio, in favour of the Italian lender (ii) in respect of the Swiss Secured Loans, in favour of the Swiss lender and (iii) in respect of the French Loan, in favour of the French lenders and the

Security Agent, acting as agent of the Tour Esplanade Finance Parties. Each relevant Security Agent (other than the Italian lender and the Swiss lender) holds such security, along with the relevant Security Agent's interest in the insurance policies (with the exception of the insurance policies for the Tour Esplanade Loan), on trust (or, in respect of any security governed by French or Netherlands law, as agent) for the benefit of the relevant Originator and relevant B Piece Lender.

The Mortgages. The security for the Loans consists primarily of the following:

(a) predominantly first-ranking land charges (*Grundschulden*) governed by German law in respect of each of the Properties located in Germany;

(b) first-ranking mortgage (*hypothèque*) and second-ranking mortgage (*hypothèque*) in each case governed by French law in respect of the Tour Esplanade Property located in France;

(c) (i) first-ranking mortgage over the IFB Portfolio and Pavia Property and third ranking mortgage over the Naples Property, governed by Italian law in respect of the IFB & Pavia Facility;

(ii) first ranking mortgage over the Naples Property and second-ranking mortgage over the IFB Portfolio and Pavia Property, governed by Italian law, in respect of the Naples Facility;

(iii) second ranking mortgages over the Naples Property, governed by Italian law, in respect of the Naples VAT Facility;

(d) first-ranking mortgages (*hypotheek*) governed by Dutch law over the Properties located in The Netherlands; and

(e) a pledge granted over first-ranking mortgage notes (*Schuldbriefe*) governed by Swiss law over the Properties located in Switzerland (except for the Bern Properties (B013a and B013b) under the Corviglia Secured Loan on which a mortgage in the amount of CHF 318,000 ranks ahead of the other mortgage notes encumbering the Bern Properties);

Subordination and Priority. All borrowing and guarantee obligations of the Borrowers to parties other than the Originators are fully subordinated to all amounts due under the related Loan Agreement.

Events of Default; Enforcement of the Security. The Loan Agreements set out certain events of default following the occurrence of which: (a) any land charges, and/or other security for the repayment of the Loans may be enforced; and (b) in the case of the Swiss Secured Loans, amounts to be paid under such Swiss Secured Loans have been declared due and payable in accordance with the provisions thereof. Subject to any applicable grace periods, remedies, materiality and certain applicable qualifications, the specified events include some but not all of the following:

(a) non-payment of sums due under the Loan Agreement;

(b) breach of any/certain undertakings under the Loan Agreement;

(c) any representation, warranty or statement being incorrect when made or deemed to be made or repeated;

(d) insolvency of, or the occurrence of any insolvency-related event in respect of, any Borrower;

(e) major damage to a Property which is not fully covered by insurance (except under Swiss Secured Loans under which a material adverse effect constitutes an Event of Default);

(f) cessation of business by a Borrower;

(g) subject to certain qualifications, change of control of a Borrower; and

(h) illegality;

(i) under the Lightning Dutch Loan, compulsory purchase of Lightning Dutch Property;

(j) under the Lightning Dutch Loan, forfeiture proceedings with respect to a Headlease with respect to the Lightning Dutch Property or such lease is forfeited; and

(k) under the Lightning Dutch Loan, a material qualification by an auditor with respect to financial statements of an Obligor or the Obligor's group.

See "*Servicing of the Loans – Enforcement of the Loans*" for further details regarding the procedures to be followed by the Special Servicer on the occurrence of an event of default under a Loan Agreement.

(B) Individual Loan Summaries

The German Loans

(i) The Bridge Whole Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 372,090,000	€ 342,090,000	€ 30,000,000
Cut-Off Date Principal Balance	€ 372,090,000	€ 342,090,000	€ 30,000,000
Projected Balance at Maturity(1)	€ 372,090,000	€ 342,090,000	€ 30,000,000

Undrawn Capex/TI Facility	–
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	04-Oct-2006
First Interest Payment Date	15-Jan-2007
Loan Maturity Date	15-Jan-2014
Remaining Term	7.0 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	4.7%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Berlin (Bridge) S.a.r.l, Dusseldorf (Bridge) S.a.r.l, Eschborn (Bridge) S.a.r.l, Sulzbach (Bridge) S.a.r.l & Wiesbaden (Bridge) S.a.r.l, Galluspark (Bridge) S.a.r.l.
Borrower Location	Luxembourg
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Office
No. of Properties	6
Property Location	Germany
Year Built / Renovated	1972–2002
Tenure	Freehold
Property /Asset Manager	Atisreal Property Management GmbH
Net Lettable Area (sqm)	192,043
Total Gross Rental Income p.a.	€ 29,511,348
Total Net Rental Income p.a.	€ 28,135,847
ERV	€ 27,558,903
Occupancy (as % of Net Lettable Area)	92.4%
Appraised Market Value	€ 493,700,000
Date of Valuation	16-Aug-2006
Valuer	CBRE
VPV	€ 352,920,000
Purchase Price	€ 481,800,000
Number of Unique Commercial Tenants	89
Number of Commercial Leases	254
Weighted Average Unexpired Lease Term to First Break / Expiry(3)	6.7 yrs
% of Investment Grade Income(4)	81.1%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	1.79x	1.37x	1.61x	1.23x
DSCR(6)	1.79x	1.37x	1.61x	1.23x
LTV(5)(6)	69.3%	69.3%	75.4%	75.4%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".

(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Bridge Whole Loan was made pursuant to a loan agreement dated 2 October 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Bridge Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Bridge Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Bridge Original Lender**") and the Bridge Borrowers (the "**Bridge Loan Agreement**"). The Bridge Whole Loan is governed by German law.

The Bridge Borrowers. Each Bridge Borrower is a private limited liability company (*société à responsabilité limitée*) registered in Luxembourg. Each Bridge Borrower is owned and controlled by Marathon S.à.r.l. which is wholly-owned and controlled by Eurocastle Investment Ltd. Eurocastle Investment Ltd. is incorporated and registered in the Island of Guernsey. It is a subsidiary of Fortress LLC's Eurocastle investment vehicle. Eurocastle is a Euro designated, Amsterdam-listed, closed-end investment company that invests in and manages a diverse commercial real estate portfolio.

The Bridge Properties. The Bridge Whole Loan is secured by six commercial properties located in Germany, details of which are set out in the table below (the "**Bridge Properties**" and each a "**Bridge Property**").

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/Surety	Weighted Average Remaining Lease Term (years) [2]
Alfred-Herrhausen-Allee 1	Office	Freehold	129,400,000	7,045,442	39,128	Arcor AG & Co. KG	10.7
Galluspark	Office	Freehold	112,400,000	7,519,320	44,284	Multiple	4.8
Abraham Lincoln Park	Office	Freehold	91,000,000	5,098,404	30,374	CSC Ploenzke AG	10.2
Alt-Moabit 91- 97	Office	Freehold	90,700,000	4,920,033	48,202	Multiple	3.5
Kaiserswerther Strasse 117-123	Office	Freehold	42,200,000	1,549,211	12,499	Multiple	3.2
Am Unisys Park 1	Office	Freehold	28,000,000	2,003,438	17,558	Multiple	2.2
Total			**493,700,000**	**28,135,847**	**192,043**		**6.7**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Bridge Whole Loan is secured by a certificated land charge (*Einzelriefgrundschuld*) over the Eschborn Property and a certificated aggregate land charge (*Gesamtbriefgrundschuld*) over all other Bridge Properties. In addition, each Bridge Borrower has pledged or assigned in favour of the Security Agent all rental income, leases, insurance policies, claims arising from the property purchase agreements under which the Bridge Borrowers have acquired the Bridge Properties and has granted pledges over each of the Bridge Borrowers' accounts listed below except for the Bridge Service Charge Accounts (see "*The Bridge Borrowers' Accounts*" below). Finally, each Bridge Borrower has undertaken to pay any amounts due under the Bridge Whole Loan which the other Bridge Borrower does not pay. To support this undertaking each Bridge Borrower is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the shares in the Bridge Borrowers pursuant to a German law share pledge agreement in relation to the shares held by Marathon S.à.r.l. in Berlin (Bridge) S.à.r.l., Dusseldorf (Bridge) S.à.r.l., Eschborn (Bridge) S.à.r.l., Galluspark (Bridge) S.à.r.l., Sulzbach (Bridge) S.à.r.l. and Wiesbaden (Bridge) S.à.r.l.

Insurance under the Bridge Whole Loan Agreement. The Bridge Borrowers are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Bridge Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism (to the extent available in the market), third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Agent directs. The Bridge Borrowers must also maintain insurance for three years' loss of rent (or such other period as the relevant Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in

the names of the Bridge Borrowers and the relevant Agent as co-insured, and must include a term whereby proceeds of any claim are payable directly to the relevant Agent.

Property Management. The Bridge Properties are managed by Atisreal Property Management GmbH, registered under German law (the "**Bridge Property Manager**"). The Bridge Property Manager has been appointed by the Bridge Borrowers under property management agreements (the "**Bridge Property Management Agreements**"). Such Bridge Property Management Agreements must be satisfactory to the relevant Agent and may not be terminated or amended by the Bridge Borrowers without the consent of the Agent. If the Bridge Property Manager breaches an obligation under a Bridge Property Management Agreement the Agent may require the Bridge Borrowers to appoint a new property manager if the breach has not been remedied within a certain period. According to the Bridge Property Management Agreement, the Security Agent may assert all rights and claims under such agreement *vis-à-vis* the Bridge Property Manager (*Vertrag zugunsten Dritter*).

Repayment. The Bridge Whole Loan does not provide for amortisation and is to be repaid in full (including all other amounts outstanding) on 15 January 2014.

Prepayment. The Bridge Whole Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and any prepayment fee.

Mandatory prepayments must be made upon any disposal, including a compulsory purchase of a Bridge Property. Such disposal may only be made with the consent of the Agent and subject to the condition that (i) the amount of net disposal proceeds complies with certain financial covenants, (ii) the disposal is at arm's length and (iii) there is no default outstanding. A mandatory prepayment must also be made in relation to insurance proceeds if a Bridge Property has been destroyed or materially damaged.

Financial covenants. The Bridge Whole Loan requires a minimum "**Bridge Interest Cover Ratio**", namely that the Bridge Borrowers must ensure that, on each of 10 January, 10 April, 10 July and 10 October the Bridge Projected Net Rental Income for the next three rental quarters commencing after that date is not less than 125 per cent. of the Bridge Projected Finance Costs for the next three interest periods (starting on the next Bridge Interest Payment Date, as defined below).

"**Bridge Projected Finance Costs**" means, for any interest period, the Borrowers' estimate of the aggregate of all interest, commitment fee, other finance costs payable to the Bridge Finance Parties (as defined below) pursuant to the relevant Finance Documents.

"**Bridge Projected Net Rental Income**" means, for any rental quarter, the Borrowers' estimate of the net rental income (having deducted service charges, ground rent, VAT or other applicable taxes) receivable by the borrowers under any lease having deducted any costs, fees, taxes, arrears payments.

A breach of the Bridge Interest Cover Ratio, occurring either (i) on two consecutive Bridge Interest Payment Dates or (ii) any four Interest Payment Dates, constitutes an event of default enabling the relevant Agent to accelerate the Bridge Whole Loan. Upon the occurrence of an event of default, the amounts standing to the credit of the Bridge Rental Income Accounts will be applied as further specified below under "*Distributions from the Bridge Rental Income Accounts*".

The Bridge Borrowers' Accounts. Each of the Bridge Borrowers has opened the following accounts:

(a) a current account designated as a general account (the "**Bridge General Account**");

(b) a current account designated as a disposal proceeds account (the "**Bridge Disposal Proceeds Account**");

(c) a current account designated as a rental income account (the "**Bridge Rental Income Account**"); and

(d) a current account designated as a service charge account (the "**Bridge Service Charge Account**"),

together referred to as the "**Bridge Borrowers' Accounts**".

In addition, the Bridge Borrowers are also allowed to maintain accounts as Luxembourg capital accounts which cannot be used for purposes other than for share capital contribution or reduction and for paying Luxembourg share capital duty and matters related to movements in capital of the relevant Bridge Borrower in accordance with the laws of Luxembourg. Each of the Bridge General Accounts, Bridge Disposal Proceeds Account and the Bridge Rental Income Account are subject to a German law pledge.

Distributions from the Bridge Rental Income Accounts. All amounts representing net rental income, insurance proceeds, VAT refunds and amounts payable under any hedging document must be paid into the Bridge Rental Income Account. The relevant Agent has sole signing rights on the Bridge Rental Income Account.

On each Bridge Loan Interest Payment Date (as defined below) the Security Agent will withdraw the following amounts as follows (provided that there is no event of default continuing under the Bridge Loan Agreement):

(a) *firstly*, any unpaid amount due under any heritable building right out of which the relevant Bridge Borrower derives its interest in the relevant Bridge Property;

(b) *secondly*, any unpaid costs, fees or expenses due to any of the relevant Security Agent, the Agent, the arranger or the lenders pursuant to the Bridge Loan Agreement (each, a "**Bridge Finance Party**");

(c) *thirdly*, any German real property transfer tax which is payable;

(d) *fourthly*, pro-rata payments of accrued interest and fees due but unpaid under the Bridge Finance Documents and any break costs and hedging payments;

(e) *fifthly*, payment pro-rata of the Bridge Whole Loan, to the extent payable;

(f) *sixthly*, all or part of the other due and payable obligations of the Bridge Borrowers (secured pursuant to the relevant Finance Documents); and

(g) *seventhly*, if the Bridge Interest Cover Ratio is equal to or above 125 per cent., any surplus is to be paid into the relevant Borrower's General Account.

If there is a breach of the terms of the Bridge Whole Loan or an event of default which is continuing, then any amounts standing to the credit of the Bridge Rental Income Account will be applied in accordance with the items set out above and any remaining monies will be expended on the Bridge Properties, applied towards the payment of essential operating costs or applied to voluntary prepayment. The same applies in the event that the Bridge Interest Cover Ratio falls below 100 per cent. for the Bridge Interest Periods being tested on an aggregate basis.

"**Bridge Loan Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October (or, in relation to any sum due and payable but unpaid by a Borrower under the Bridge Finance Documents, the last day of the interest period in relation to such sum). Interest periods in relation to the Bridge Whole Loan start on each Bridge Loan Interest Payment Date and end on the next following Bridge Loan Interest Payment Date.

Distributions from the Bridge Disposal Proceeds Accounts. All net disposal proceeds from the sale of a Bridge Borrower's interest in whole or in part of a Bridge Property must be paid into the Bridge Disposal Proceeds Accounts. The relevant Agent has sole signing rights over the Bridge Disposal Proceeds Accounts.

On each Bridge Loan Interest Payment Date the Agent will withdraw the following amounts in the following order:

(a) *firstly*, to be applied in payment of all break costs and hedging indemnity amounts payable pursuant to the Bridge Loan Agreement;

(b) *secondly*, to be applied in payment of any other unpaid costs and expenses owing to the Bridge Finance Parties;

(c) *thirdly*, to be applied prepayment of the loans in accordance with the terms of the Bridge Loan Agreement;

(d) *fourthly*, if no event of default is continuing under the Bridge Loan Agreement, to be applied in payment to the relevant Bridge Borrower's Bridge General Account;

(e) *fifthly*, to be applied in payment of any principal due and payable pursuant to the Bridge Loan Agreement.

Distributions from the Bridge Service Charge Accounts. All proceeds from amounts due by a tenant to a Bridge Borrower under a lease for any property management, operation, repair or similar obligations or in providing any other services to such tenant (including any amount which represents VAT chargeable in respect of such amount) must be paid into the Bridge Service Charge Accounts. The Bridge Property Manager has sole signing rights over the Bridge Service Charge Accounts.

Proceeds on deposit in the Bridge Service Charge Accounts may be withdrawn by the Bridge Property Manager to be applied towards paying fees, costs and expenses incurred by the Bridge Borrowers in relation to the management of the relevant Bridge Properties and towards paying insurance premiums for insuring the relevant Bridge Properties.

Distributions from the Bridge General Accounts. The Agent will transfer from the Bridge Rental Accounts to the relevant Bridge General Account on a daily basis an amount being equal to the essential operating costs as set out in a business plan and any amount above the aggregate of all finance costs which are due and payable by the Bridge Borrowers to the Bridge Finance Parties under the Bridge Loan Agreement and related documents.

Withdrawals from the Bridge General Accounts, subject to there being no event of default continuing under the Bridge Loan Agreement, may be made by the Bridge Borrowers for any purpose.

(ii) **The Falcon Crest Whole Loan**

Loan Information			
	Whole Loan	**A Note**	**B Note**
Original Loan Balance	€ 165,216,200	€ 149,216,200	€ 16,000,000
Cut-Off Date Principal Balance	€ 144,163,295	€ 128,163,295	€ 16,000,000
Projected Balance at Maturity(1)	€ 97,068,354	€ 86,295,198	€ 10,773,156
Undrawn Capex/TI Facility			–
VAT Facility			–
Loan Purpose			Refinancing Facility
Funding Date			08-Jun-2006
First Interest Payment Date			15-Oct-2006
Loan Maturity Date			15-Jul-2013
Remaining Term			6.5 yrs
Extension Option(s)			None
Loan Interest Type			Fixed & Floating
Loan Coupon(2)			5.1%
Primary Loan Security			1st ranking mortgage

Borrower(s)	EIF Asset GmbH &Co. KG, CIF 1 Asset GmbH & Co. KG, CIF 2 Asset GmbH & Co. KG, CIF 3 Asset GmbH & Co. KG, FIF 1 Asset GmbH & Co. KG, FIF 2 Asset GmbH & Co. KG, FIF 3 Asset GmbH & Co. KG, Zweigstraße Asset GmbH & Co. KG, WB Industrieweg Asset GmbH & Co. KG
Borrower Location	Germany
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Mixed Use
No. of Properties	38
Property Location	Germany
Year Built / Renovated	1889–2001
Tenure	Freehold
Property /Asset Manager	IMW-AIM GmbH
Net Lettable Area (sqm)	165,759
Total Gross Rental Income p.a.	€ 11,386,918
Total Net Rental Income p.a.	€ 9,438,916
ERV	€ 13,803,865
Occupancy (as % of Net Lettable Area)	79.1%
Appraised Market Value	€ 173,110,000
Date of Valuation	Between 30-Jan-2006 & 03-Mar-2006
Valuer	CBRE
VPV	€ 124,589,466
Purchase Price	n/a
Number of Unique Commercial Tenants	593
Number of Commercial Leases	1,082
Weighted Average Unexpired Lease Term to First Break/Expiry[3]	5.8 yrs
% of Investment Grade Income[4]	10.8%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR[6]	1.52x	1.79x	1.29x	1.52x
DSCR[6]	1.23x	1.33x	1.05x	1.14x
LTV[5][6]	74.0%	63.2%	83.3%	71.1%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place (other than in accordance with the relevant business plan).
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Falcon Crest Whole Loan was made pursuant to a loan agreement dated 8 June 2006 which was entered into, *inter alios*, between Lehman Brothers International (Europe) Ltd. (in its capacities as "**Falcon Crest Arranger**" and "**Falcon Crest Security Agent**"), Lehman Brothers Bankhaus AG, London Branch (in its capacity as "**Falcon Crest Original Lender**"), the Falcon Crest Borrowers and certain guarantors as further defined in such credit agreement (the "**Falcon Crest Loan Agreement**"). The Falcon Crest Whole Loan is governed by German law.

The Falcon Crest Borrowers. Each of the Falcon Crest Borrowers is a limited partnership (*Kommanditgesellschaft*) except for Capricorn GmbH (formerly CIF Capricorn Immobilien Fonds GmbH & Co. KG) which is a limited liability company (*Gesellschaft mit beschrankter Haftung*). Each of the Falcon Crest Borrowers is registered in Germany. The general partner of the Falcon Crest Borrowers, incorporated as a limited partnership (*Kommanditgesellschaften*) is IMW Secunda Beteiligungen GmbH. At signing of the Falcon Crest Whole Loan on 8 June 2006, Capricorn GmbH was known as CIF Capricorn Immobilien Fonds GmbH and Co. KG and was set up as a limited partnership (*Kommanditgesellschaft*). Its general partner was CIF GmbH. However, after closing CIF Capricorn Immobilien Fonds GmbH and Co. KG was transformed by change of legal form into a limited liability company (*Gesellschaft mit beschränkter Haftung*) and is registered with the commercial register (*Handelsregister*) as Capricorn GmbH.

The Falcon Crest Properties. The Falcon Crest Whole Loan is secured by 38 commercial properties located in Germany, details of which are set out in the table below (the "**Falcon Crest Properties**" and each a "**Falcon Crest Property**"). The Falcon Crest Borrowers have acquired the Falcon Crest Properties, 18 of which have been entered into the land register while registration is still pending in relation to 20 Falcon Crest Properties. Pursuant to a written notice issued by the relevant notary, the transfer of title in relation to some of the Falcon Crest Properties has been confirmed by way of notarial confirmations (*Notarbestätigungen*) by the relevant notaries. Pursuant to a written notice issued by the relevant notary, the registration of some of the Falcon Crest Mortgages has taken place and is still pending for other Falcon Crest Mortgages. However, application for the registration of such Mortgages has been confirmed by notarial confirmations (*Notarbestätigungen*).

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years)[2]
Excelsior Haus	Multifamily	Freehold	36,700,000	1,585,598	41,356	Multiple	2.3
Bergmannstr. 102/103	Mixed Use	Freehold	11,900,000	672,118	10,086	Multiple	2.9
Nollendorfplatz 8/9-Bülowstr. 1/3	Multifamily	Freehold	11,400,000	695,979	6,060	Multiple	5.0
Industrieweg 19	Office	Freehold	11,200,000	596,849	6,814	GMG Generalmietgesellschaft	24.9
Schulterblatt 26-36	Office	Freehold	10,900,000	730,161	7,652	Multiple	2.8
Wilmersdorfer Straße 82	Multifamily	Freehold	9,100,000	544,832	5,283	Multiple	1.5
Mommsenstr. 45-Giesebrechtstr. 22	Multifamily	Freehold	7,400,000	390,952	4,150	Multiple	3.7
Marburger Straße 2	Office	Freehold	5,900,000	294,858	3,292	Multiple	2.3
Gritznerstraße 2-Kreuznacher Straße 17-Markelstraße 27	Multifamily	Freehold	5,500,000	321,848	6,864	Multiple	0.02
Konstanzer Strasse 10-Zähringer Straße 27	Multifamily	Freehold	4,900,000	224,400	3,787	Multiple	1.7
Remaining properties	Multifamily/Office/Retail	Freehold	58,210,000	3,381,319	70,414	Multiple	2.1
Total			**173,110,000**	**9,438,916**	**165,759**		**3.7**

[1] Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
[2] Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Falcon Crest Whole Loan is secured by several aggregate certificated land charges (*Gesamtbriefgrundschulden*) over the Falcon Crest Properties. Some such land charges are already registered with the relevant land registers while the registration of others is still pending. However, application for registration of such land charges has been confirmed by notarial confirmations (*Notarbestätigungen*). In addition, each Falcon Crest Borrower has pledged or assigned in favour of the Security Agent and/or the Finance Parties as the case may be all rental income, leases, insurance policies, contractual claims and has granted pledges over each of the Falcon Crest Borrowers' accounts listed below (see "*The Falcon Crest Borrowers' Accounts*" below). Finally, each Falcon Crest Borrower has undertaken to pay any amounts due under the Falcon Crest Whole Loan which another Falcon Crest Borrower does not pay. To support this undertaking each Falcon Crest Borrower is prohibited from granting any security over its assets or incurring any debt or carrying on any activities, other than those permitted under the Falcon Crest Loan Agreement. Security has been granted in respect of the partnership interests in each of the Falcon Crest Borrowers by way of a

partnership interest pledge. Furthermore, security has been granted in respect of the shares in each of the general partners of the Falcon Crest Borrowers by way of German share pledges.

Insurance under the Falcon Crest Loan Agreement. The Falcon Crest Borrowers are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Falcon Crest Properties. The insurance must cover, amongst other risks, third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Security Agent directs. With respect to the Falcon Crest Property located in Berlin, Stresemannstraße 68-76, Anhalterstraße 1 the Falcon Crest Borrowers are obliged to maintain a terrorism insurance. The Falcon Crest Borrowers must also maintain insurance for three years' loss of rent (or such other period as the relevant Security Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in the names of the Falcon Crest Borrowers and the relevant Security Agent as co-insured.

Property Management. The Falcon Crest Properties are managed by IMW-AIM GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*), registered in Germany (the "**Falcon Crest Property Manager**"). The Falcon Crest Property Manager has been appointed by the Falcon Crest Borrowers under a property management agreement (the "**Falcon Crest Property Management Agreement**"). This Falcon Crest Property Management Agreement must be satisfactory to the relevant Security Agent and may not be terminated or amended by the Falcon Crest Borrowers without the consent of the Security Agent. If the Falcon Crest Property Manager breaches an obligation under a Falcon Crest Property Management Agreement the relevant Security Agent may require the Falcon Crest Borrowers to appoint a new property manager. The Falcon Crest Property Manager has entered into a duty of care agreement with the relevant Security Agent (the "**Falcon Crest Duty of Care Agreement**") under which the Falcon Crest Property Manager gives certain representations and warranties to the relevant Security Agent in relation to, inter alia, its liability insurance (*Haftpflichtversicherung*) and the care and diligence in performing the Falcon Crest Property Management Agreement.

Repayment. The Falcon Crest Whole Loan is to be repaid in full on 15 July 2013. Prior thereto, on each Falcon Crest Interest Payment Date the Falcon Crest Borrowers must repay a portion of the Falcon Crest Whole Loan in accordance with a repayment schedule. In addition, the Falcon Crest Whole Loan must be repaid in an amount of at least €55,177,932 by 15 July 2008 through the sale of certain Properties.

Prepayment. The Falcon Crest Whole Loan Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and any prepayment fee.

Mandatory prepayments must be made upon any disposal of a Falcon Crest Property. Such disposal may only be made with the consent of the relevant Security Agent and subject to the condition that (i) the amount of net disposal proceeds complies with certain financial covenants and (ii) there is no default outstanding or resulting from the disposal.

Financial covenants. The Falcon Crest Whole Loan requires a minimum "**Falcon Crest Interest Cover Ratio**". Each Falcon Crest Borrower shall ensure that, in principle, in each twelve months period beginning with any Falcon Crest Interest Payment Date (as defined below) the interest cover ratio being the relevant Security Agent's estimate of the net rental income for the Falcon Crest Properties with regard to the respective twelve months period divided by the aggregate of the interest, commitment commission and other finance costs for all the properties payable by the Falcon Crest Borrowers to the finance parties under the relevant finance documents with regard to the respective twelve months period is not less than 120 per cent. and, from the third anniversary of the signing of the Falcon Crest Loan Agreement, not less than 130 per cent. Furthermore, the Falcon Crest Whole Loan requires a minimum "**Falcon Crest Debt Service Cover Ratio**". Each Falcon Crest Borrower shall ensure that, in principle, in each twelve months period beginning with any Falcon Crest Interest Payment Date the Falcon Crest Debt Service Cover Ratio is not less than 103 per cent.

The Falcon Crest Whole Loan further requires that, on any day, the Loan to Value Ratio shall not exceed 86.5 per cent. (the "**Maximum Falcon Crest Loan to Value Ratio**").

A breach of the Falcon Crest Interest Cover Ratio or the Falcon Crest Debt Service Cover Ratio, occurring on either (i) two consecutive Falcon Crest Interest Payment Dates or (ii) any four Falcon Crest Interest Payment Dates constitutes an event of default under the Falcon Crest Loan Agreement enabling the relevant Agent to accelerate the Falcon Crest Loan. Upon the occurrence of an event of default, the amounts standing to the credit of the Falcon Crest Deposit Account will be applied as further specified below under "*Distributions from the Falcon Crest Deposit Accounts"*.

The Falcon Crest Borrowers' Accounts. Each of the Falcon Crest Borrowers has opened the following accounts:

(a) a current account designated as a rental income account (each a "**Falcon Crest Rental Income Account**").

(b) a current account designated as a disposal proceeds account (each a "**Falcon Crest Disposal Proceeds Account**").

Together the Falcon Crest Borrowers have opened and maintain in their own name

(c) a common current account designated as a general account (the "**Falcon Crest General Account**").

The "**Falcon Crest Borrowers' Attorney**" opens and maintains in its own name a bank account, being the "**Falcon Crest Deposit Account**".

Each of the Falcon Crest Rental Income Accounts, each of the Falcon Crest Disposal Proceeds Accounts, the Falcon Crest General Account and the Falcon Crest Deposit Account are subject to a German law pledge for the benefit of the relevant finance parties, as applicable.

Distributions from the Falcon Crest Rental Income Accounts. Each Falcon Crest Borrower will ensure that all rental income in respect of the properties is paid into the relevant Falcon Crest Rental Income Account. The Falcon Crest Property Manager has sole signing rights in respect of the Falcon Crest Rental Income Accounts but, subject to the giving of notice to the account bank at such time, the relevant Security Agent shall have sole signing rights if a default is continuing.

Each Falcon Crest Borrower will ensure that on each calendar month previous to any other transfer an amount equal to the relevant Falcon Crest Borrower's share in the amount to be paid by the Falcon Crest Borrowers of the Falcon Crest Facility Agreement will be credited to the Falcon Crest Deposit Account. Thereafter, the Falcon Crest Property Manager may, unless a Falcon Crest Event of Default is continuing and subject to further conditions specified in the Falcon Crest Facility Agreement withdraw any amounts necessary to meet the service charges and operational expenses due and payable in the respective month. Each Falcon Crest Borrower will ensure that immediately thereafter, on the 25th day of the respective month at the latest, all amounts standing to the credit of the respective Falcon Crest Rental Income Account will be transferred to the Falcon Crest Deposit Account.

Distributions from the Falcon Crest Disposal Proceeds Accounts. Each Falcon Crest Borrower will ensure that all proceeds deriving from disposals of properties are paid into the relevant Falcon Crest Disposal Proceeds Account. On each Falcon Crest Interest Payment Date, the relevant Security Agent shall withdraw from the relevant Falcon Crest Disposal Proceeds Account the amounts standing to the credit of such Falcon Crest Disposal Proceeds Account for application in or towards the items specified in the payment waterfall below. Under such payment waterfall, the relevant Security Agent shall apply the amount, in the following order, to:

(a) any unpaid costs, fees and expenses in relation to the part of the loan to be prepaid upon disposal of the relevant properties due to any finance party under the finance documents (other than the respective prepayment fees);

(b) *pro rata*

(i) all accrued interest, costs and fees due and payable under the finance documents and

(ii) all amounts (other than the amounts specified in the Falcon Crest Loan Agreement) owed to any hedging counterparty under the relevant finance documents;

(c) prepayment fees in relation to the part of the loan to be prepaid upon disposal of the relevant properties;

(d) prepayment of the relevant part of the loan in an amount equal to the respective allocated loan amount;

(e) payment of all amounts owed to any hedging counterparty under the finance documents other than the amounts set out under (b) above; and

(f) if a default or an event of default is continuing, *pro rata* payment of all remaining secured obligations.

"**Falcon Crest Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October in each year or, if such day is not a business day, the following business day. Generally, each interest period starts on the Falcon Crest Interest Payment Date and ends on the next following Falcon Crest Interest Payment Date.

Distributions from the Falcon Crest Deposit Account. Each Falcon Crest Borrower will, further to the transfer of monies from the relevant Falcon Crest Rental Income Account, ensure that all payments to be made to any Falcon Crest Borrower (and not directly to the Falcon Crest Security Agent) under any hedging document and any insurance policy are paid into the Falcon Crest Deposit Account.

On each Falcon Crest Interest Payment Date, the relevant Security Agent shall withdraw from the Falcon Crest Deposit Account the amounts standing to the credit of the Falcon Crest Deposit Account for application in or towards the items specified in the payment waterfall below. Under such payment waterfall, the relevant Security Agent shall apply the amount, in the following order:

(a) to pay any unpaid costs, fees and expenses due to any finance party under the finance documents,

(b) *pro rata, to pay*

(i) all accrued interest, costs and fees due and payable under the finance documents; and

(ii) all amounts (other than the amounts specified in the Facility Agreement) owed to any hedging counterparty under the finance documents;

(c) *pro rata*

(i) to make scheduled amortisation payments; and

(ii) to pay all amounts owed to any hedging counterparty under the finance documents other than the amounts set out under (b) above payment of service charge expenses,

(d) to make flexible amortisation payments;

(e) unless a default or event of default is continuing, to pay all remaining secured obligations; and

(f) to pay into the Falcon Crest General Account (until the third Falcon Crest Interest Payment Date) an amount of up to €750,000 which shall be accumulated in the Falcon Crest Deposit Account and retained therein to the extent necessary to meet the Falcon Crest Interest Cover Ratio and the Falcon Crest Debt Service Cover Ratio.

Distributions *from the Falcon Crest General Account*. Unless an event of default is continuing, each Falcon Crest Borrower may make withdrawals from the Falcon Crest General Account which can be applied in or towards any purpose permitted under the finance documents. If a Falcon Crest Event of Default is continuing, the relevant Security Agent may give notice to the account bank that any withdrawal from the Falcon Crest General Account requires the relevant Security Agent's prior written consent.

(iii) **The E-Shelter Whole Loan**

Loan Information			
	Whole Loan	**A Note**	**B Note**
Original Loan Balance	€ 122,725,000	€ 107,725,000	€ 15,000,000
Cut-Off Date Principal Balance	€ 122,725,000	€ 107,725,000	€ 15,000,000
Projected Balance at Maturity(1)	€ 113,520,625	€ 99,645,625	€ 13,875,000
Undrawn Capex/TI Facility			€ 15,000,000
VAT Facility			–
Loan Purpose			Refinancing Facility
Funding Date			16-Oct-2006
First Interest Payment Date			15-Jan-2007
Loan Maturity Date			15-Jan-2012
Remaining Term			5.0 yrs
Extension Option(s)			None
Loan Interest Type			Fixed
Loan Coupon(2)			5.0%
Primary Loan Security			1st ranking mortgage
Borrower(s)			E-Shelter GMBH & CO. KG
Borrower Location			Germany
Amortisation			Amortising
Interest Calculation			Act/360

Property/Tenancy Information	
Single asset/Portfolio	Single asset
Property Type	Datacentre
No. of Properties	1
Property Location	Germany
Year Built / Renovated	1960–2005
Tenure	Freehold
Property /Asset Manager	E-Shelter Facility Services GmbH & Telehouse Deutschland GmbH
Net Lettable Area (sqm)	52,998
Total Gross Rental Income p.a.	€ 11,752,753
Total Net Rental Income p.a.	€ 10,464,962
ERV	€ 16,204,427
Occupancy (as % of Net Lettable Area)	86.3%
Appraised Market Value	€ 168,100,000
Date of Valuation	01-Jan-2007
Valuer	Catella Eureal Consult GmbH
VPV	€ 153,100,000
Purchase Price	n/a
Number of Unique Commercial Tenants	16
Number of Commercial Leases	18
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	8.1 yrs
% of Investment Grade Income(4)	79.6%

Financial Ratios				
	A Note		**Whole Loan**	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	2.05x	2.17x	1.71x	1.82x
DSCR(6)	1.84x	1.51x	1.54x	1.28x
LTV(5)(6)	64.1%	59.3%	73.0%	67.5%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The E-Shelter Whole Loan was made pursuant to a loan agreement dated 5 October 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**E-Shelter Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**E-**

Shelter Security Agent"), Lehman Brothers Bankhaus AG, London Branch (in its capacity as "**E-Shelter Original Lender**") and the E-Shelter Borrower (the "**E-Shelter Loan Agreement**"). The E-Shelter Whole Loan is governed by German law.

The E-Shelter Borrower. The E-Shelter Borrower is a private limited liability partnership (GmbH & Co. KG) registered in Germany. The E-Shelter Borrower is owned and controlled by E-Shelter S.à r.l, Investa Projektentwicklungs- und Verwaltungsgesellschaft mbH and Mr. Rupprecht Rittweger (each being a limited partner) and E-Shelter Verwaltungs GmbH (being the general partner).

The E-Shelter Property. The E-Shelter Whole Loan is secured by a commercial property located in Frankfurt am Main, Germany, details of which are set out in the table below (the "**E-Shelter Property**"). The E-Shelter Borrower owns the E-Shelter Property.

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
E-Shelter	Datacentre	Freehold	168,100,000	10,464,962	52,998	Multiple	8.1
Total			**168,100,000**	**10,464,962**	**52,998**		**8.1**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The E-Shelter Whole Loan is secured by a single certificated land charge (*Einzelbriefgrundschuld*) over the E-Shelter Property. Such land charge has been entered in the relevant land register. In addition, the E-Shelter Borrower has pledged or assigned in favour of the relevant Security Agent all rental income, leases, insurance policies, certain contractual claims and has granted pledges over each of the E-Shelter Borrower's accounts listed below (see "*The E-Shelter Borrower's accounts*" below). The E-Shelter Borrower is prohibited from granting any security over its assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the interest in the E-Shelter Borrower and of the shares in its general partner E-Shelter Verwaltungs GmbH pursuant to German law share or interest pledge agreements.

Insurance under the E-Shelter Loan Agreement. The E-Shelter Borrower is obliged to maintain insurance with an insurance company or underwriter having the requisite rating in respect of the E-Shelter Property, fixtures and improvements plant and machinery. The insurance must cover, amongst other risks, terrorism (to the extent available in the market), public liability risk and all normally insurable risks. The E-Shelter Borrower must also maintain insurance for loss of rent. Any such insurance policies must name the Security Agent for the E-Shelter Whole Loan as first loss payee and an insurance certificate issued by the insurer in favour of the E-Shelter Finance Parties has to include a standard mortgagee clause.

Property Management. The E-Shelter Property is managed by E-Shelter Facility Services GmbH (asset management) and Telehouse Deutschland GmbH (facility management and security services) (jointly the "**E-Shelter Property Managers**"), both registered under German law. The E-Shelter Property Managers have been appointed by the E-Shelter Borrower under management agreements (the "**E-Shelter Property Management Agreements**"). The E-Shelter Property Managers may not be removed and no Property Manager may be appointed without the prior written consent of, and on the terms approved by, the relevant Security Agent. According to the E-Shelter Property Management Agreements, the relevant Security Agent may assert all rights and claims under such agreement *vis-à-vis* the E-Shelter Property Managers (*Vertrag zugunsten Dritter)* and rights and claims under the Property Management Agreements are assigned to the relevant Security Agent. Telehouse Deutschland GmbH also entered into a management agreement with E-Shelter Security GmbH for the provisions of services to Telehouse Deutschland GmbH in relation to the E-

Shelter Property. Under this agreement the relevant Security Agent is entitled to assert rights and claims *vis-à-vis* E-Shelter Security GmbH. Enforcement of rights and claims by the relevant Security Agent is in any event subject to an event of default under the E-Shelter Loan Agreement (an "**E-Shelter Event of Default**") outstanding.

Repayment. The E-Shelter Whole Loan (and all other amounts outstanding) is to be repaid in full on 15 January 2012. On the interest payment dates falling on and after 15 January 2008, repayment instalments have to be paid.

Prepayment. The E-Shelter Whole Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and, if applicable, any prepayment fee.

Mandatory prepayments must be made upon any disposal. Subject to certain exceptions, such disposal may only be made subject to the condition that (i) the amount of net disposal proceeds complies with certain financial covenants and (ii) the E-Shelter Borrower disposes of the whole E-Shelter Property. A mandatory prepayment must also be made in relation to insurance proceeds if the E-Shelter Property has been destroyed or materially damaged.

Financial covenants. The E-Shelter Whole Loan requires (i) a minimum "**E-Shelter Interest Cover Ratio**", namely that the E-Shelter Borrower must ensure that, at all times, the E-Shelter Projected Net Rental Income for the next year (commencing on the relevant date) is not less than 115 per cent. of the E-Shelter Projected Finance Costs (excluding any amounts to be repaid under the repayment provisions of the E-Shelter Loan Agreement) for that year, (ii) a minimum "**E-Shelter Debt Service Cover Ratio**", namely that the E-Shelter Borrower must ensure that, at all times, E-Shelter Projected Net Rental Income for the next year (commencing on the relevant date) is not less than 105 per cent. of the E-Shelter Projected Finance Costs for year (including any amounts to be repaid under the repayment provisions of the E-Shelter Loan Agreement) for that year and (iii) a maximum "**E-Shelter Loan to Value Ratio**", namely that the E-Shelter Borrower must ensure that, at all times, the E-Shelter Whole Loan does not exceed 80 per cent. of the relevant value of the E-Shelter Property. A breach of the E-Shelter Interest Cover Ratio, the E-Shelter Debt Service Cover Ratio or E-Shelter Loan to Value Ratio each constitutes an E-Shelter Event of Default if it is breached on two or more consecutive E-Shelter Interest Payment Dates or on any four or more E-Shelter Interest Payment Dates in total.

Upon a breach of the financial covenants which constitutes an E-Shelter Event of Default, the relevant Security Agent may operate the E-Shelter Borrower's account and withdraw from, and apply amounts standing to the credit of the E-Shelter Borrower's Account in or towards any purpose for which monies in any E-Shelter Borrower's account may be applied.

"**E-Shelter Projected Finance Costs**" means the relevant Security Agent's reasonable estimate of the aggregate amount payable by the E-Shelter Borrower to the relevant Finance Parties pursuant to the Finance Document relevant for the E-Shelter Whole Loan (the "**E-Shelter Finance Documents**") during the relevant year.

"**Projected Net Rental Income**" means, the relevant Security Agent's reasonable estimate of the net rental income (having deducted operating expenses, VAT or other applicable taxes and certain other amounts) receivable under any lease having deducted ground rents, rates, service charges, insurance premia, maintenance and other outgoings, arrears payments and certain other amounts.

The E-Shelter Borrower's accounts. The E-Shelter Borrower has opened the following accounts:

(a) a current account designated as an operating account (the "**E-Shelter Operating Account**");

(b) a current account designated as a deposit account (the "**E-Shelter Deposit Account**");

(c) a current account designated as a rental income account (the "**E-Shelter Rent Collection Account**");

(d) a current account designated as a capex reserve account (the "**E-Shelter Whole Loan Capex Reserve Account**"); and

(e) a current account designated as a finance costs account (the "**E-Shelter Finance Costs Account**");

together referred to as the "**E-Shelter Borrower's Accounts**".

Each of the E-Shelter Borrower's Accounts are subject to a German law account pledge. If there is an E-Shelter Loan Event of Default outstanding, the relevant Security Agent may withdraw from, and apply amounts standing to the credit of any E-Shelter Control Account in or towards any purpose for which moneys in any E-Shelter Control Account may be applied.

Distributions from the E-Shelter Rent Collection Account. All amounts representing net rental income, loss of rent insurance proceeds and any other amounts payable to or for the account of the E-Shelter Borrower in connection with the letting of any part of the E-Shelter Property must be paid into the E-Shelter Rent Collection Account. The E-Shelter Borrower may only withdraw, transfer or dispose of amounts standing to the credit of the E-Shelter Rent Collection Account with the prior consent of the relevant Security Agent. The relevant Security Agent is entitled to operate the E-Shelter Rent Collection Account when an E-Shelter Loan Event of Default is outstanding.

On the 15th day of each month the relevant Security Agent will consent that the following amounts can be withdrawn from the E-Shelter Rent Collection Account (provided that there is no E-Shelter Loan Event of Default continuing):

(a) *firstly*, payment to the E-Shelter Finance Costs Account of the relevant E-Shelter Threshold Amount; and

(b) *secondly*, payment in an amount not exceeding the monthly operating costs for the month in which the relevant transfer date falls as specified in the E-Shelter Business Plan without the consent of the relevant Security Agent.

If an E-Shelter Event of Default is outstanding, the relevant Security Agent may operate the E-Shelter Rent Collection Account and withdraw from, and apply amounts standing to the credit of, the Rent Collection Account in or towards any purpose for which money in any E-Shelter Borrower´s account may be applied.

"**E-Shelter Threshold Amount**" means, in respect of an interest period a percentage of the amount specified by the relevant Security Agent as being the sum of all periodic payments to be payable to the E-Shelter Finance Parties under any E-Shelter Finance Document at the end of that interest period which is:

(a) on the day falling one month after the first day of that interest period, 33 per cent;

(b) on the day falling two months after the first day of that interest period, 33 per cent; and

(c) on the day falling three months after the first day of the interest period, 34 per cent.

Distributions from the E-Shelter Finance Costs Account. The E-Shelter Borrower may only withdraw, transfer or dispose of amounts standing to the credit of the E-Shelter Finance Costs Account with the prior consent of the relevant Security Agent. The relevant Security Agent is entitled to operate the E-Shelter Finance Costs Account when an E-Shelter Loan Event of Default is outstanding.

On each E-Shelter Interest Payment Date, subject to certain limitations, the relevant Security Agent will consent that the following amounts can be withdrawn form the E-Shelter Finance Costs Account in the following order (provided that there is no E-Shelter Loan Event of Default continuing):

(a) *firstly*, payment *pro rata* of any costs, fees and expenses of the arranger of the E-Shelter Whole Loan or the relevant Security Agent due but unpaid under the E-Shelter Finance Documents;

(b) *secondly*, in or towards payment *pro rata* to each counterparty of any amount due but unpaid under the relevant hedging arrangements;

(c) *thirdly*, payment of accrued interest, fees and other amounts due but unpaid under the E-Shelter Finance Documents;

(d) *fourthly*, in or towards the repayment of the E-Shelter Whole Loan in such amount necessary to ensure that the E-Shelter Interest Cover Ratio, the E-Shelter Debt Service Cover Ratio or E-Shelter Loan to Value Ratio are met; and

(e) *fifthly*, payment of any surplus to the E-Shelter Operating Account.

"**E-Shelter Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October (or, if any such day is not a Business Day the next Business Day). Interest periods in relation to any portion of the E-Shelter Whole Loan start on each date on which the E-Shelter Whole Loan has been utilised or on the expiry of its preceding interest period and end on the next E-Shelter Interest Payment Date.

Distributions from the E-Shelter Deposit Account. All net disposal proceeds from the sale of the E-Shelter Borrower's interest in the E-Shelter Property must be paid into the E-Shelter Deposit Account. The E-Shelter Borrower may only withdraw, transfer or dispose of amounts standing to the credit of the E-Shelter Capex Reserve Account with the prior consent of the relevant Security Agent. The relevant Security Agent is entitled to operate the E-Shelter Deposit Costs Account when an E-Shelter Loan Default is outstanding.

The amounts standing to the credit of the E-Shelter Deposit Account must be applied towards:

(a) (where there are insufficient sums in the E-Shelter Finance Costs Account) payment of amounts due under the relevant Finance Documents; and

(b) prepayment of the E-Shelter Whole Loan.

Distributions from the E-Shelter Whole Loan Capex Reserve Account. The E-Shelter Whole Loan Capex Reserve Account has been implemented for instances where the B tranche of the E-Shelter Whole Loan has not been fully drawn before a securitisation. In the event that any E-Shelter Lender wishes to undertake a securitisation, that E-Shelter Lender may deliver a notice to the E-Shelter Borrower specifying that the E-Shelter Borrower shall drawdown or cancel (not earlier than 5 March 2007) the whole or any part of the B tranche of the E-Shelter Whole Loan that has not then been utilised, and the E-Shelter Borrower shall promptly cancel or deliver a drawdown request for such amount and place such drawn amount into the E-Shelter Whole Loan Capex Reserve Account.

Sums standing to the credit of the E-Shelter Whole Loan Capex Reserve Account must be applied towards (where there are insufficient sums in the Finance Costs Account) payment of amounts due but unpaid under the Finance Documents.

The Borrower may request the E-Shelter Lenders to withdraw monies from the E-Shelter Whole Loan Capex Reserve Account to pay for property improvements by delivery to the relevant Security Agent of a completed drawdown request. Any undrawn amounts remaining in the E-Shelter

Capex Reserve Account as at the last day of the relevant availability period shall be applied in prepayment of the B tranche of the E-Shelter Whole Loan on the next following E-Shelter Interest Payment Date.

The E-Shelter Borrower may only withdraw, transfer or dispose of amounts standing to the credit of the E-Shelter Capex Reserve Account with the prior consent of the relevant Security Agent. The relevant Security Agent is entitled to operate the E-Shelter Capex Reserve Account when an E-Shelter Loan Default is outstanding.

Distributions from the E-Shelter Operating Account. Subject to certain restrictions, the E-Shelter Borrower may withdraw any amount from the E-Shelter Operating Account unless a default under the E-Shelter Whole Loan is outstanding and the relevant Security Agent has given notice of a suspension of withdrawals to the E-Shelter Borrower.

(iv) **The Thunderbird Whole Loan**

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 124,026,422	€ 124,026,422	–
Cut-Off Date Principal Balance	€ 124,026,422	€ 124,026,422	–
Projected Balance at Maturity[(1)]	€ 120,610,978	€ 120,610,978	–

Undrawn Capex/TI Facility	€ 13,383,014
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	20-Oct-2006
First Interest Payment Date	15-Jan-2007
Loan Maturity Date	15-Oct-2009
Remaining Term	2.8 yrs
Extension Option(s)	2 year extension option available
Loan Interest Type	Fixed & Floating
Loan Coupon[(2)]	4.9%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Thunderbird A-D & Thunderbird F-S S.a.r.l.
Borrower Location	Luxembourg
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Mixed Use
No. of Properties	42
Property Location	Germany
Year Built / Renovated	1891–2006
Tenure	Freehold
Property /Asset Manager	European Commercial Assets Ltd.
Net Lettable Area (sqm)	117,623
Total Gross Rental Income p.a.	€ 9,864,526
Total Net Rental Income p.a.	€ 8,516,482
ERV	€ 11,784,646
Occupancy (as % of Net Lettable Area)	88.4%
Appraised Market Value	€ 158,776,000
Date of Valuation	Between 20-Jun-2006 & 28-Sep-2006
Valuer	Winters & Hirsch
VPV	n/a
Purchase Price	€ 135,061,118
Number of Unique Commercial Tenants	236
Number of Occupied Residential Units	1,491
Number of Commercial Leases	277
% of Investment Grade Income[(4)]	0.1%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR[(6)]	1.47x	1.50x	1.47x	1.50x
DSCR[(6)]	1.23x	1.25x	1.23x	1.25x
LTV[(5)(6)]	78.1%	76.0%	78.1%	76.0%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Thunderbird Whole Loan was made pursuant to a loan agreement dated 29 June 2006 as amended on 19 October 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Thunderbird Arranger**"), Lehman Brothers

International (Europe) (in its capacity as "**Thunderbird Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Thunderbird Original Lender**"), the Thunderbird Borrowers and certain guarantors as further defined in such credit agreement (the "**Thunderbird Loan Agreement**"). The Thunderbird Whole Loan is governed by English law.

The Thunderbird Borrowers. Each Thunderbird Borrower is a private limited liability company (*société à responsabilité limitée*) registered in Luxembourg. Each Thunderbird Borrower is owned and controlled by JER Thunderbird and/or, subject to each Thunderbird Borrower remaining a sister company of each other, an Affiliate of JER Thunderbird, Hans Peter Stoessel and Scott Harvel. JER Thunderbird is owned and controlled by JER Europe Fund III Holdings.

The Thunderbird Properties. The Thunderbird Whole Loan is secured by 42 commercial or residential properties located in Berlin, Germany, details of which are set out in the table below (the "**Thunderbird Properties**" and each a "**Thunderbird Property**"). The Thunderbird Borrowers own the Thunderbird Properties.

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
Buerger	Mixed Use	Freehold	15,548,000	925,537	10,912	Multiple	2.5
Brandenburg/Duesseldorf	Mixed Use	Freehold	14,250,000	854,199	8,412	Multiple	1.6
Theodor-Heus-Platz 2/Heerstr.2	Mixed Use	Freehold	13,060,000	691,048	2,606	Multiple	4.4
Hedemann/Wilhelm	Mixed Use	Freehold	12,725,000	767,744	11,494	Multiple	3.9
Ruschestr. 103	Mixed Use	Freehold	12,320,000	751,918	5,115	Multiple	7.4
Hutten/Rostocker	Mixed Use	Freehold	10,804,000	546,420	9,433	Multiple	2.8
Reichstrasse 1 / Lindenallee 28	Mixed Use	Freehold	9,796,000	462,570	2,887	Multiple	6.9
Heer 413, 415, 417, 419	Mixed Use	Freehold	7,174,000	260,413	8,597	Multiple	2.2
Wilmersdorfer 60/61	Mixed Use	Freehold	6,404,000	439,589	1,549	Multiple	5.4
Uhlandstr. 33	Mixed Use	Freehold	4,307,000	248,724	1,475	Multiple	2.2
Remaining properties	Mixed Use	Freehold	52,388,000	2,568,318	55,144	Multiple	2.8
Total			**158,776,000**	**8,516,482**	**117,623**		**3.5**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Thunderbird Whole Loan is secured by ten certificated aggregate and individual land charges (*Gesamt-Briefgrundschulden und Einzel-Briefgrundschulden*) (four aggregate and six simple land charges) over all the Thunderbird Properties. In addition, each Thunderbird Borrower has pledged or assigned in favour of the relevant Security Agent all rental income, leases, insurance policies, contractual claims and has granted pledges over each of the Thunderbird Borrowers' accounts listed below (see "*The Thunderbird Borrowers' Accounts*" below). Finally, each Thunderbird Borrower has undertaken to pay any amounts due under the Thunderbird Whole Loan which any other Thunderbird Borrower does not pay. To support this undertaking each Thunderbird Borrower is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the shares in the Thunderbird Borrowers.

Insurance under the Thunderbird Loan Agreement. The Thunderbird Borrowers are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Thunderbird Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism (to the fullest extent available in the market), third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Security Agent directs. The Thunderbird Borrowers must also maintain insurance for three years' loss of rent (or such other

period as the relevant Security Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in the names of the Thunderbird Borrowers and the relevant Security Agent as co-insured, and must include a term whereby proceeds of any claim are payable directly to the relevant Security Agent.

Property Management. The Thunderbird Properties are managed by European Commercial Assets Ltd, registered in England and Wales (the "**Thunderbird Property Manager**"). The Thunderbird Property Manager, the Thunderbird Borrowers and the relevant Security Agent have entered into a duty of care agreement (the "**Thunderbird Duty of Care Agreement**") under which the Thunderbird Property Manager undertakes a duty of care in respect of management agreements between each Thunderbird Borrower and the Thunderbird Property Manager (the "**Thunderbird Management Agreement**"). Such Thunderbird Management Agreements and Thunderbird Duty of Care Agreement may not be amended without the consent of the relevant Security Agent. If the Thunderbird Property Manager breaches an obligation under the Thunderbird Duty of Care Agreement or any Thunderbird Management Agreement entered into with a Thunderbird Borrower, the relevant Security Agent may require the relevant Thunderbird Borrower to appoint a new property manager on terms approved by the Security Agent.

Repayment. The Thunderbird Whole Loan (and all other amounts outstanding) is to be repaid in full on the Thunderbird Final Repayment Date, the Thunderbird First Extended Repayment Date or the Thunderbird Second Extended Repayment Date.

"**Thunderbird Final Repayment Date**" means 15 October 2009 or, if such date is not a Business Day, the immediately preceding Business Day.

"**Thunderbird First Extended Repayment Date**" means 15 October 2010 or, if such date is not a Business Day, the immediately preceding Business Day.

"**Thunderbird Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October in each year or, if a non-Business Day, on the Business Day immediately preceding in the same Month.

"**Thunderbird Second Extended Repayment Date**" means 15 October 2011 or if such date is not a Business Day, the immediately preceding Business Day.

Prepayment. The Thunderbird Whole Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest, any break costs and any prepayment fee.

On disposal of a Thunderbird Property, the Borrowers shall pay or procure the payment of the net disposal proceeds into the Thunderbird Disposal Proceeds Account (as defined in "*The Thunderbird Borrowers' Accounts*" below), of which the release amount for such disposal shall be applied in prepayment of the obligations of the Thunderbird Borrowers under the Finance Documents on the next Interest Payment Date, including payment of any break costs and any prepayment fee.

Financial covenants. The Thunderbird Whole Loan requires a minimum "**Thunderbird Interest Cover Ratio**", namely that the Thunderbird Borrowers must ensure that, on each Thunderbird Interest Payment Date, the aggregate of (i) the Thunderbird Projected Net Rental Income (as defined below) for the Thunderbird Commercial Properties (as defined below) for each of the next four rental quarters commencing after that date, (ii) the Thunderbird Actual Net Rental Income (as defined below) for the Thunderbird Residential Properties (as defined below) for each of the last four rental quarters ending before that Interest Payment Date and (iii) the Thunderbird Available Cash Reserve Amount (as defined below) standing to the credit of each relevant Thunderbird Rental Income Account is not (subject as provided below) less than 120 per cent. of the Thunderbird Projected Finance Costs (as defined below) for each of the next four Thunderbird Interest Periods commencing after that Thunderbird Interest Payment Date.

The Thunderbird Whole Loan requires a minimum "**Thunderbird Debt Service Cover Ratio**", namely that the Thunderbird Borrowers must ensure that, on each Thunderbird Interest Payment Date, the aggregate of (i) the Thunderbird Projected Net Rental Income for the Thunderbird Commercial Properties for each of the next four rental quarters commencing on the next rental quarter day after that date, (ii) the Thunderbird Actual Net Rental Income for the Thunderbird Residential Properties for each of the last four rental quarters ending before that Interest Payment Date and (iii) the Thunderbird Available Cash Reserve Amount standing to the credit of each Thunderbird Rental Income Account, is not less than 105 per cent. of the Thunderbird Projected Debt Service Costs (as defined below) for the next four interest periods commencing after that Thunderbird Interest Payment Date.

The Thunderbird Whole Loan requires a minimum "**Thunderbird Loan to Value Ratio**", namely that the Thunderbird Borrowers must ensure that the amount of the Thunderbird Whole Loan at any time does not exceed 82.5 per cent. of the total value of the Thunderbird Borrowers' interests in the Thunderbird Properties at that time as recorded in the then most recent valuation by the Valuer.

A breach of the Thunderbird Interest Cover Ratio, the Thunderbird Loan to Value Ratio or the Thunderbird Debt Service Cover Ratio occurring (i) on two consecutive Interest Payment Dates or (ii) any four Interest Payment Dates constitutes a Thunderbird Event of Default enabling the relevant Agent to accelerate the Thunderbird Whole Loan. Upon a breach (including a breach constituting an event of default) of any of the financial ratios, certain amounts will be retained in the Thunderbird Rental Income Account or utilised for expenditure on a Thunderbird Property or expended at the Thunderbird Lender's discretion in accordance with the Thunderbird business plan or utilised in repayment of the Thunderbird Whole Loan as further specified in the section entitled "*Distributions from the Thunderbird Rental Income Account*".

"**Thunderbird Available Cash Reserve Amount**" means the lower of (i) the Cash Reserve Amount (as defined below) and (ii) the portion of the Thunderbird Cash Reserve Amount remaining after application in payment from the Thunderbird Rental Income Account.

"**Thunderbird Cash Reserve Amount**" means the amount set against that account below:

Borrower	Rental Income Account (Property and account number)	Cash Reserve Amount (€)
Thunderbird M	Sonnenallee 73, Fuldastr. 52, Berlin LU49 0141 4378 8663 0000	54,285
Thunderbird M	Karl-Marx-Str. 17, Berlin LU04 0141 0378 8669 0000	61,378
Thunderbird M	Lüderitzstr. 12, Berlin LU83 0141 5378 8713 0000	70,975
Thunderbird N	Hermannstr. 40, Berlin LU16 0141 8378 8716 0000	7,991
Thunderbird M	Hermannstr. 229, Berlin LU79 0141 7378 8666 0000	57,176
Thunderbird N	Kameruner Str. 55, Berlin LU38 0141 1378 8719 0000	10,778
Thunderbird O	Okerstr. 30-32, Lichtenrader Str. 33-34, Berlin LU26 0141 1378 8743 0000	148,020
Thunderbird O	Rathenower Str. 46, Berlin LU56 0141 4378 8746 0000	31,016
Total		**441,617**

"**Thunderbird Commercial Property**" means each part of each Thunderbird Property used or intended for use for commercial or retail purposes.

"**Thunderbird Projected Debt Service Costs**" means, for any interest period, the aggregate of all interest, commitment commission, other finance costs and repayment instalments which, in the opinion of the relevant Security Agent, shall be payable by the Thunderbird Borrowers to the Finance Parties under the Finance Documents during, or at the end of, that interest period after taking into account all amounts payable to, or receivable by, the Thunderbird Borrowers during, or at the end of, that interest period under any hedge document.

"**Thunderbird Projected Finance Costs**" means, for any Interest Period, the aggregate of all interest, commitment commission, other finance costs which, in the opinion of the relevant Security Agent, shall be payable by the Thunderbird Borrowers to the Finance Parties under the Finance Documents.

"**Thunderbird Projected Net Rental Income**" means, for any rental quarter, the Security Agent's estimate of the net rental income (having deducted service charges, ground rent, VAT or other applicable taxes) receivable by the Thunderbird Borrowers under any lease having deducted any amounts payable in respect of a unlet part of a Property and any amounts payable by a tenant that is more than two months in arrears or the tenant is unable to pay.

"**Thunderbird Residential Property**" means each part of each Thunderbird Property used or intended for use for residential purposes.

The Thunderbird Borrowers' Accounts. Each of the Thunderbird Borrowers has opened the following accounts:

(a) a current account designated as a general account (the "**Thunderbird General Account**");

(b) in the event of a disposal, the relevant Thunderbird Borrower will open a current account designated as a disposal proceeds account (the "**Thunderbird Disposal Proceeds Account**");

(c) a current account designated as a rental income account (the "**Thunderbird Rental Income Account**"); and

(d) a current account designated as a service charge account (the "**Thunderbird Service Charge Account**"),

together referred to as the "**Thunderbird Borrowers' Accounts**".

In addition, each of the Thunderbird Borrowers has also opened or will open a rental collection account, insurance proceeds account, extraordinary payments account and principal account. The Thunderbird Borrowers are not allowed to open any other account. Each of the Thunderbird General Accounts, Thunderbird Disposal Proceeds Account and the Thunderbird Rental Income Account are subject to a German law pledge.

Distributions from the Thunderbird Rental Income Accounts. All amounts representing net rental income, loss of rent insurance proceeds, VAT refunds and amounts payable under any hedging document must be paid into the Thunderbird Rental Income Account. The relevant Security Agent has joint signing rights on the Thunderbird Rental Income Account with the Thunderbird Borrowers and the Thunderbird Property Manager.

On each Thunderbird Interest Payment Date the relevant Security Agent will withdraw the following amounts as follows (provided that there is no Thunderbird Loan Event of Default continuing):

(a) *firstly*, any unpaid amount due under any lease out of which the relevant Thunderbird Borrower derives its interest in the Thunderbird Property;

(b) *secondly*, any unpaid costs, fees or expenses due to any of the Finance Parties under the Finance Documents;

(c) *thirdly*, pro-rata payments of accrued interest and fees due but unpaid under the Thunderbird Finance Documents and any hedging payments;

(d) *fourthly*, taxes in respect of the Thunderbird Properties;

(e) *fifthly*, payment pro-rata of the Thunderbird Whole Loan, to the extent payable, and any hedging payments as a result of termination of a hedging arrangement;

(f) *sixthly*, all or part of the other due and payable obligations of the Thunderbird Borrowers (secured pursuant to the relevant Finance Documents); and

(g) *seventhly*, if no Thunderbird Event of Default is continuing, any surplus (excluding the relevant Thunderbird Available Cash Reserve Amount) is to be paid into the Thunderbird General Account.

If there is a Thunderbird Loan Event of Default which is continuing, then any amounts standing to the credit of the Thunderbird Rental Income Account will be retained in the Thunderbird Rental Income Account or utilised for expenditure on a Thunderbird Property or expended at the relevant Security Agent's discretion in accordance with the Thunderbird business plan or utilised in repayment of the Thunderbird Whole Loan.

Distributions from the Thunderbird Disposal Proceeds Account. All net disposal proceeds from the sale of a Thunderbird Borrower's interest in whole or in part of a Thunderbird Property (including the disposal by the Thunderbird Borrowers' parent company of its shares in any of the Thunderbird Borrowers) must be paid into the Thunderbird Disposal Proceeds Account. The relevant Security Agent has joint signing rights with the Thunderbird Borrowers over the Thunderbird Disposal Proceeds Account.

On each Thunderbird Interest Payment Date the Security Agent will withdraw the following amounts in the following order:

(a) *firstly*, payment of any unpaid ground rent due and payable under any lease out of which a Thunderbird Borrower derives its interest in a Thunderbird Property;

(b) *secondly*, payment of any other unpaid costs and expenses owing to the Finance Parties under the Finance Documents;

(c) *thirdly*, pro-rata payment of all accrued interest and fees due but unpaid under the Thunderbird Finance Documents and any hedging payments;

(d) *fourthly*, payment of taxes in respect of the Thunderbird Properties;

(e) *fifthly*, pro-rata payment pro-rata of the Thunderbird Whole Loan, to the extent payable, and any hedging payments as a result of termination of a hedging arrangement;

(f) *sixthly*, all or part of the other due and payable obligations of the Thunderbird Borrowers (secured pursuant to the relevant Finance Documents); and

(g) *seventhly*, if no Thunderbird Event of Default is continuing, any surplus is to be paid into the Thunderbird General Account.

(v) The Woolworth Boenen Whole Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 62,300,000	€ 49,300,000	€ 13,000,000
Cut-Off Date Principal Balance	€ 61,908,462	€ 48,908,462	€ 13,000,000
Projected Balance at Maturity(1)	€ 55,756,333	€ 44,011,267	€ 11,745,066

Undrawn Capex/TI Facility	–
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	14-Jul-2006
First Interest Payment Date	15-Oct-2006
Loan Maturity Date	15-Jul-2013
Remaining Term	6.5 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	5.3%
Primary Loan Security	1st ranking mortgage
Borrower(s)	TERRA HEIMBAU BÖENEN S.a.r.l & CO. KG
Borrower Location	Germany
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Single asset
Property Type	Industrial
No. of Properties	1
Property Location	Germany
Year Built / Renovated	1994
Tenure	Freehold
Property /Asset Manager	Deutsche Woolworth GmbH & Co. OHG
Net Lettable Area (sqm)	98,449
Total Gross Rental Income p.a.	€ 5,264,286
Total Net Rental Income p.a.	€ 5,186,965
ERV	€ 5,100,000
Occupancy (as % of Net Lettable Area)	100.0%
Appraised Market Value	€ 69,640,000
Date of Valuation	30-Jun-2006
Valuer	King Sturge
VPV	€ 53,220,000
Purchase Price	€ 67,000,000
Number of Unique Commercial Tenants	1
Number of Commercial Leases	1
Weighted Average Unexpired Lease Term to Break/Expiry(3)	14.5 yrs
% of Investment Grade Income(4)	0.0%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR(6)	2.18x	2.39x	1.57x	1.72x
DSCR(6)	1.64x	1.71x	1.27x	1.26x
LTV(5)(6)	70.2%	63.2%	88.9%	80.1%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Woolworth Boenen Whole Loan was made pursuant to a loan agreement dated 2 June 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Woolworth Boenen Arranger**"), Lehman Brothers International (Europe) (in its

capacity as "**Woolworth Boenen Agent**"), Lehman Brothers Bankhaus AG, London Branch (in its capacity as "**Woolworth Boenen Original Lender**") and the Woolworth Boenen Borrower (the "**Woolworth Boenen Loan Agreement**"). The Woolworth Boenen Whole Loan is governed by English law.

The Woolworth Boenen Borrower. The Woolworth Boenen Borrower is a limited liability partnership (*Kommanditgesellschaft*) registered in Germany with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under HRA 42972. The Woolworth Boenen Borrower is owned by Eaglehigh Luxembourg S.à.r.l., who is the general partner (*Komplementär*) and Highair Limited, Qualitat Holdings Limited and Yialem Holdings Limited (each incorporated in Cyprus and a limited partner (*Kommanditist*)) and is ultimately controlled by Belltrend Menorah Enterprises Limited.

The Woolworth Boenen Properties. The Woolworth Boenen Whole Loan is secured by a commercial property located in Germany, details of which are set out in the table below (the "**Woolworth Boenen Property**").

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
Boenen	Industrial	Freehold	69,640,000	5,186,965	98,449	Deutsche Woolwroth GmbH & Co OHG	14.5
Total			**69,640,000**	**5,186,965**	**98,449**		**14.5**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Woolworth Boenen Whole Loan is secured by a first-ranking non-certificated land charge (*Buchgrundschuld*) over the Woolworth Boenen Property in the amount of €62,300,000. In addition, the Woolworth Boenen Borrower has (i) assigned in favour of the Security Agent all rental income, leases, insurance policies, contractual claims and (ii) granted pledges over each of the Woolworth Boenen Borrower's accounts listed below (see "*The Woolworth Boenen Borrower's accounts*" below). Finally, the general partner and the limited partners of the Woolworth Boenen Borrower (together with the Woolworth Boenen Borrower, the "**Woolworth Boenen Obligors**") have undertaken to pay any amounts due under the Woolworth Boenen Whole Loan which the other Woolworth Boenen Obligors do not pay. To support this undertaking each Woolworth Boenen Obligor is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the partnership interests in the Woolworth Boenen Borrower under a German law governed share pledge agreement and over the shares of its general partner under a Luxembourg law governed share pledge agreement.

Insurance under the Woolworth Boenen Loan Agreement. The Woolworth Boenen Borrower is obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Woolworth Boenen Property, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism (to the extent available in the market), third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Security Agent directs. The Woolworth Boenen Borrower must also maintain insurance for three years' loss of rent (or such other period as the relevant Security Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in the names of the Woolworth Boenen Borrower and the relevant Security Agent as co-insured or otherwise note the Security Agent's interest in each relevant insurance policy, and must include a term whereby proceeds of any claim are payable directly to the relevant Security Agent.

Property Management. The Woolworth Boenen Property is managed by Deutsche Woolworth GmbH & Co. KG, a limited partnership registered under German law, who is also the tenant.

Repayment. The Woolworth Boenen Whole Loan (and all other amounts outstanding) is to be repaid in full on 15 July 2013. Prior thereto, on each Woolworth Boenen Loan Interest Payment Date the Woolworth Boenen Borrower must repay a portion of the Loan in accordance with a repayment schedule.

Prepayment. The Woolworth Boenen Whole Loan provides for voluntary and mandatory prepayment. Any voluntary and mandatory prepayment shall be made together with accrued interest on the amount prepaid and, subject to any break costs, prepayment fees or amounts payable in connection with a fixed rate advance indemnity, without any premium or penalty.

Mandatory prepayments must be made upon a disposal of the Woolworth Boenen Property. Such disposals may only be made if the Agent is satisfied that (i) no default under the Woolworth Boenen Whole Loan is outstanding, (ii) the transaction is at arm's length, (iii) neither the completion nor the payment date for the acquisition of the Woolworth Boenen Property is deferred for more than 30 days from the execution of the contract, (iv) the net disposal proceeds are sufficient to prepay the Woolworth Boenen Whole Loan in full and (v) a prior written notice was given to the relevant Agent.

Financial covenants. The Woolworth Boenen Whole Loan requires a minimum "**Woolworth Boenen Interest Cover Ratio**", namely that the Woolworth Boenen Borrower must ensure that, on each Woolworth Boenen Loan Interest Payment Date, the Woolworth Boenen Projected Net Rental Income (calculated separately for the next four successive Woolworth Boenen Loan Interest Payment Dates) after that date is not less than 140 per cent. of the Woolworth Boenen Projected Interest Costs for the relevant interest period (starting on the next Woolworth Boenen Interest Payment Date, as defined below).

The Woolworth Boenen Whole Loan also requires a minimum "**Woolworth Boenen Debt Service Cover Ratio**", namely that the Woolworth Boenen Borrower must ensure that, on each Woolworth Boenen Loan Interest Payment Date, the Woolworth Boenen Projected Net Rental Income (calculated separately for the next four successive Woolworth Boenen Loan Interest Payment Dates) after that date is not less than 110 per cent. of the Woolworth Boenen Projected Finance Costs for the relevant interest period (starting on the next Woolworth Boenen Interest Payment Date, as defined below).

The Woolworth Boenen Whole Loan further requires that, on any day, the Loan to Value Ratio shall not exceed 89.5 per cent. (the "**Maximum Woolworth Boenen Loan to Value Ratio**").

A breach of any of the Woolworth Boenen Interest Cover Ratio, the Woolworth Boenen Debt Service Cover Ratio and the Maximum Woolworth Boenen Loan to Value Ratio, occurring either on (i) two consecutive Woolworth Boenen Interest Payment Dates or (ii) any four Woolworth Boenen Interest Payment Dates, constitutes an event of default enabling the relevant Agent to accelerate the Woolworth Boenen Whole Loan. Upon a breach (including a breach constituting an event of default) of the Woolworth Boenen Interest Cover Ratio, the Woolworth Boenen Debt Service Cover Ratio and the Maximum Woolworth Boenen Loan to Value Ratio, certain amounts will be retained in the Woolworth Boenen Rental Income Account or applied at the relevant Agent's discretion as further specified below under "*Distributions from the Woolworth Boenen Rental Income Account*".

"**Woolworth Boenen Projected Interest Costs**" means, for any interest period, the Agent's estimate of the aggregate of all interest, fees and other periodic payments (other than principal) payable to the Woolworth Boenen Finance Parties (as defined below) pursuant to the relevant Finance Documents.

"**Woolworth Boenen Projected Finance Costs**" means, for any interest period, the Agent's estimate of the aggregate amount of (a) all interest, fees and other periodic payments (other than principal) payable to the Woolworth Boenen Finance Parties (as defined below) and (b) any

payments due as scheduled repayment instalments, in each case pursuant to the relevant Finance Documents.

"**Woolworth Boenen Projected Net Rental Income**" means, for any rental quarter, the Agent's estimate of the net rental income (having deducted service charges, ground rent, payments from a guarantor under an occupational lease, VAT or other applicable taxes) receivable by the Woolworth Boenen Borrower under any lease.

The Woolworth Boenen Borrower's Accounts. The Woolworth Boenen Borrower has opened the following accounts:

(a) a current account designated as a general account (the "**Woolworth Boenen General Account**");

(b) a current account designated as a disposal proceeds account (the "**Woolworth Boenen Disposal Proceeds Account**");

(c) a current account designated as a rental income account (the "**Woolworth Boenen Rental Income Account**");

(d) a current account designated as a service charge account (the "**Woolworth Boenen Service Charge Account**"); and

(e) a current account designated as a tenant collateral account (the "**Woolworth Boenen Tenant Collateral Account**"),

together referred to as the "**Woolworth Boenen Borrower's Accounts**".

Each of the Woolworth Boenen Borrower's Accounts are subject to a German law pledge. The Woolworth Boenen Borrower has sole signing rights on the Woolworth Boenen Service Charge Account and the Woolworth Boenen General Account (unless a default is continuing) and relevant Security Agent has sole signing rights over each of the other Woolworth Boenen Borrower's Accounts.

Distributions from the Woolworth Boenen Rental Income Account. All amounts representing net rental income, loss of rent insurance proceeds, VAT refunds and amounts payable under any hedging document must be paid into the Woolworth Boenen Rental Income Account.

On each Woolworth Boenen Loan Interest Payment Date (as defined below) the Security Agent will withdraw the following amounts as follows (provided that there is no Woolworth Boenen Loan Event of Default continuing):

(a) *firstly*, such expenditure in relation to the Woolworth Property as the Agent may, in its absolute discretion, approve from time to time;

(b) *secondly*, any sum due and payable but unpaid by a Woolworth Boenen Obligor under the relevant Finance Documents which is not otherwise referred to in this priority of payments;

(c) *thirdly*, any unpaid costs, fees or expenses due to any of the relevant Security Agent, the arranger or the lenders pursuant to the relevant Finance Documents (each, a "**Woolworth Boenen Finance Party**");

(d) *fourthly*, any accrued interest, fees or commission due but unpaid under the Woolworth Boenen Whole Loan;

(e) *fifthly*, payment pro-rata of principal on and other amounts due but unpaid under the Woolworth Boenen Whole Loan;

(f) *sixthly*, if no default is continuing, any surplus is to be paid into the Woolworth Boenen General Account.

If a financial covenant is breached or a default is continuing, any moneys remaining following application of amounts under (a) to (e) above will be retained in the Woolworth Boenen Rental Income Account or expended at the Agent's discretion on the Woolworth Boenen Property or applied at the Agent's discretion in voluntary prepayment of the Woolworth Boenen Whole Loan or other amounts outstanding under a relevant Finance Document until no such relevant circumstance is occurring.

The Woolworth Boenen Borrower, under certain circumstances and as long as no default is continuing, may request the Agent to withdraw from the Woolworth Boenen Rental Income Account such amount of service charge proceeds (other than VAT and certain amounts paid in accordance with the lease agreement) paid into the Woolworth Boenen Rental Income Account as the Agent may determine (acting reasonably and without undue delay) is required to be applied for payment of operating costs and ancillary expenses of the Woolworth Property.

"**Woolworth Boenen Loan Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October (or, in relation to any sum due and payable but unpaid by a Woolworth Boenen Obligor under the Woolworth Boenen Finance Documents, the last day of the interest period in relation to such sum). Interest periods in relation to the Woolworth Boenen Whole Loan start on each Woolworth Boenen Loan Interest Payment Date and end on (but exclude) the next following Woolworth Boenen Loan Interest Payment Date.

Distributions from the Woolworth Boenen Disposal Proceeds Account. All net disposal proceeds from the sale of the Woolworth Boenen Borrower's interest in whole or in part of the Woolworth Boenen Property must be paid into the Woolworth Boenen Disposal Proceeds Account.

On the last day of the Interest Period in which the relevant disposal occurred, the Woolworth Boenen Borrower must:

(a) prepay the Woolworth Boenen Whole Loan in full;

(b) pay any break costs, fees and amount payable in relation to any hedging arrangement in connection with such prepayment; and

(c) pay all other amounts outstanding to the Woolworth Boenen Finance Parties under the relevant Finance Documents.

Distributions from the Woolworth Boenen General Account. Unless a default is continuing the Woolworth Boenen Borrower may make withdrawals from the Woolworth Boenen General Account to make any payments. Upon the occurrence of a default under the Woolworth Boenen Whole Loan, no amounts may be withdrawn without the consent of the relevant Agent and the relevant Agent is entitled to operate the Woolworth Boenen General Account in or towards any of the purposes for which moneys in such Woolworth Boenen General Account may be applied. The Woolworth Boenen shall have signing rights on the Woolworth Boenen General Account.

Distributions from the Woolworth Boenen Service Charge Account. The Woolworth Boenen Borrower may apply the proceeds on the Woolworth Boenen Service Charge Account towards paying (i) any amount due with respect to the Woolworth Boenen Property for which the Woolworth Boenen Borrower has been reimbursed under the relevant lease agreement, (ii) any administration costs and expenses incurred by the Woolworth Boenen Borrower with respect to the Woolworth Boenen Property for which it has been reimbursed under the relevant lease agreement (up to a maximum of initially €3,000) and (iii) any VAT payable on rental income. The Woolworth Boenen Borrower shall have sole signing rights on the Woolworth Boenen Service Charge Account.

The Woolworth Boenen Tenant Collateral Account. On or prior to the utilisation date of the Woolworth Boenen Whole Loan, the Woolworth Boenen Borrower has procured that an amount of €2,000,000 has been deposited in the Woolworth Boenen Tenant Collateral Account, which was

payable by the tenant to the Woolworth Boenen Borrower under the lease agreement for the Woolworth Boenen Property as security for the tenant's obligations under the lease agreement. No withdrawal may be made from the Woolworth Boenen Tenant Collateral Account unless the Agent has given its written consent to such a withdrawal and a guarantee has been provided in accordance with the lease agreement with the tenant by a bank and on terms approved in writing by the Agent.

(vi) **The Firebird Whole Loan**

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 24,629,975	€ 24,629,975	–
Cut-Off Date Principal Balance	€ 24,192,531	€ 24,192,531	–
Projected Balance at Maturity[(1)]	€ 23,557,328	€ 23,557,328	–

Undrawn Capex/TI Facility	€ 4,039,850
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	10-Oct-2005
First Interest Payment Date	15-Jan-2006
Loan Maturity Date	15-Oct-2008
Remaining Term	1.8 yrs
Extension Option(s)	2 year extension option available
Loan Interest Type	Fixed & Floating
Loan Coupon[(2)]	4.1%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Phoenix II Mixed H S.a.r.l, Phoenix II Mixed I S.a.r.l, Phoenix II Mixed J S.a.r.l, Phoenix II Mixed K S.a.r.l, Phoenix II Mixed L S.a.r.l, Phoenix II Mixed M S.a.r.l, Phoenix II Mixed N S.a.r.l
Borrower Location	Luxembourg
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Multifamily
No. of Properties	18
Property Location	Germany
Year Built / Renovated	1900
Tenure	Freehold
Property /Asset Manager	European Commercial Assets Ltd.
Net Lettable Area (sqm)	38,059
Total Gross Rental Income p.a.	€ 2,052,605
Total Net Rental Income p.a.	€ 1,591,411
ERV	€ 3,322,361
Occupancy (as % of Net Lettable Area)	76.5%
Appraised Market Value	€ 29,056,000
Date of Valuation	09-Sep-2005
Valuer	Winters & Hirsch
VPV	€ 23,052,626
Purchase Price	€ 25,836,979
Number of Unique Commercial Tenants	45
Number of Occupied Residential Units	318
Number of Commercial Leases	47
% of Investment Grade Income[(5)]	0.0%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR[(6)]	1.66x	1.44x	1.66x	1.44x
DSCR[(6)]	1.22x	1.05x	1.22x	1.05x
LTV[(5)(6)]	83.3%	81.1%	83.3%	81.1%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Firebird Whole Loan was made pursuant to a loan agreement dated 7 October 2005 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Firebird Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Firebird Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as

"**Firebird Original Lender**"), the Firebird Borrowers and certain guarantors as further defined in such credit agreement (the "**Firebird Loan Agreement**"). The Firebird Whole Loan is governed by English law.

The Firebird Borrowers. Each Firebird Borrower is a private limited liability company (*société à responsabilité limitée*) registered in Luxembourg. Each Firebird Borrower is owned and controlled by JER Phoenix Holding and/or, subject to each Firebird Borrower remaining a sister company of each other, an Affiliate of JER Phoenix Holding, Hans Peter Stoessel and Scott Harvel. JER Phoenix is owned and controlled by JER Real Estate Partners Europe II, LP and JER Real Estate Partners Europe II-A, L.P.

The Firebird Properties. The Firebird Whole Loan is secured by 18 commercial or residential properties located in Berlin, Germany, details of which are set out in the table below (the "**Firebird Properties**" and each a "**Firebird Property**"). The Firebird Borrowers own the Firebird Properties.

Property	Property Type	Tenure	Market Value (€)[(1)]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [(2)]
Korenzecher - Schonhauser Alee 140, 140a	Mixed Use	Freehold	4,070,000	161,057	5,682	Multiple	0.6
Korenzecher - Mehringdamm 51	Mixed Use	Freehold	3,294,000	126,575	4,155	Multiple	8.2
Korenzecher - Schamweber Str 59-60	Mixed Use	Freehold	2,728,000	130,741	2,841	Multiple	4.7
Korenzecher - karl marx str 65,67	Mixed Use	Freehold	1,953,000	143,075	2,696	Multiple	0.5
Korenzecher - Fuldastr	Mixed Use	Freehold	1,854,000	118,197	1,801	Multiple	3.5
Korenzecher - Greifswalders str	Mixed Use	Freehold	1,853,000	136,873	2,004	Multiple	11.0
Korenzecher - Warschauer Str 76	Mixed Use	Freehold	1,816,000	112,479	2,096	Multiple	4.3
Korenzecher - Laubestr	Mixed Use	Freehold	1,796,000	84,315	2,457	Multiple	1.8
Korenzecher - Hermannstr 171	Mixed Use	Freehold	1,498,000	87,582	2,137	Multiple	4.0
Korenzecher - Templehofer Damm 216	Mixed Use	Freehold	1,169,000	58,756	1,018	Multiple	11.1
Remaining properties	Mixed Use	Freehold	7,025,000	431,761	11,171	Multiple	6.9
Total			**29,056,000**	**1,591,411**	**38,059**		**5.2**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Firebird Whole Loan is secured by certificated aggregate or individual land charges (*Gesamt-Briefgrundschulden und Briefgrundschulden*) (one aggregate and one individual land charge) over all the Firebird Properties. In addition, each Firebird Borrower has pledged or assigned in favour of the relevant Security Agent all rental income, leases, insurance policies, contractual claims and has granted pledges over each of the Firebird Borrowers' accounts listed below (see "*The Firebird Borrowers' Accounts*" below). Finally, each Firebird Borrower has undertaken to pay any amounts due under the Firebird Whole Loan which any other Firebird Borrower does not pay. To support this undertaking each Firebird Borrower is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the shares in the Firebird Borrowers.

Insurance under the Firebird Loan Agreement. The Firebird Borrowers are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Firebird Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism (to the fullest extent available in the market), third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Security Agent directs. The Firebird Borrowers must also maintain insurance for three years' loss of rent (or such other period as the relevant Security Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in the names of the Firebird Borrowers and the relevant Security Agent as co-insured, and must include a term whereby proceeds of any claim are payable directly to the relevant Security Agent.

Property Management. The Firebird Properties are managed by European Commercial Assets Ltd, registered in England and Wales (the "**Firebird Property Manager**"). The Firebird Property Manager, the Firebird Borrowers and the relevant Security Agent have entered into a duty of care agreement (the "**Firebird Duty of Care Agreement**") under which the Firebird Property Manager undertakes a duty of care in respect of management agreements between each Firebird Borrower and the Firebird Property Manager (the "**Firebird Management Agreements**"). Such Firebird Management Agreements and Firebird Duty of Care Agreement may not be amended without the consent of the relevant Security Agent. If the Firebird Property manager breaches an obligation under the Firebird Duty of Care Agreement or any Firebird Management Agreement entered into with a Firebird Borrower, the Security Agent may require the relevant Firebird Borrower to appoint a new property manager on terms approved by the relevant Security Agent.

Repayment. The Firebird Whole Loan (and all other amounts outstanding) is to be repaid in full on the Firebird Final Repayment Date, the Firebird First Extended Repayment Date or the Firebird Second Extended Repayment Date.

"**Firebird Final Repayment Date**" means the first Firebird Interest Payment Date (as defined below) falling after the third anniversary of the date of the first utilisation of the Firebird Whole Loan or, if such date is not a Business Day, the immediately preceding Business Day.

"**Firebird First Extended Repayment Date**" means the first Interest Payment Date falling after the fourth anniversary of the date of the first utilisation of the Firebird Whole Loan or, if such date is not a Business Day, the immediately preceding Business Day.

"**Firebird Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October in each year or, if a non-Business Day, on the Business Day immediately preceding in the same Month.

"**Firebird Second Extended Repayment Date**" means the first Interest Payment Date falling after the fifth anniversary of the date of the first utilisation of the Firebird Whole Loan, or if such date is not a Business Day, the immediately preceding Business Day.

Prepayment. The Firebird Whole Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest, any break costs and any prepayment fee.

On disposal of a Firebird Property, the Borrowers shall pay or procure the payment of the net disposal proceeds into the Firebird Disposal Proceeds Account (as defined in "*The Firebird Borrowers' Accounts*" below), of which the release amount for such disposal shall be applied in prepayment of the obligations of the Firebird Borrowers under the Finance Documents on the next Interest Payment Date, including payment of any break costs and any prepayment fee.

Financial covenants. The Firebird Whole Loan requires a minimum "**Firebird Interest Cover Ratio**", namely that the Firebird Borrowers must ensure that, on each Firebird Interest Payment Date, Firebird Projected Net Rental Income (as defined below) for the Firebird Commercial Properties (as defined below) for each of the next four rental quarters commencing after that date plus Firebird Actual Net Rental Income (as defined below) for the Firebird Residential Properties (as defined below) for each of the last four rental quarters ending before that Interest Payment Date is

not (subject as provided below) less than 125 per cent. of the Firebird Projected Finance Costs (as defined below) for each of the next four Firebird Interest Periods commencing after that Firebird Interest Payment Date.

The Firebird Whole Loan requires a minimum "**Firebird Debt Service Cover Ratio**", namely that the Firebird Borrowers must ensure that, on each Firebird Interest Payment Date, Firebird Projected Net Rental Income for the Firebird Commercial Properties for each of the next four rental quarters commencing on the next rental quarter day after that date plus Firebird Actual Net Rental Income for the Firebird Residential Properties for each of the last four rental quarters ending before that Interest Payment Date is not less than 110 per cent. of the Firebird Projected Debt Service Costs (as defined below) for the next four interest periods commencing after that Firebird Interest Payment Date.

The Firebird Whole Loan requires a minimum "**Firebird Loan to Value Ratio**", namely that the Firebird Borrowers must ensure that the amount of the Firebird Whole Loan at any time does not exceed 85 per cent. of the total value of the Firebird Borrowers' interests in the Firebird Properties at that time as recorded in the then most recent valuation by the Valuer.

A breach of the Firebird Interest Cover Ratio, the Firebird Debt Service Cover Ratio or the Firebird Loan to Value Ratio occurring (i) on two consecutive Interest Payment Dates or (ii) any four Interest Payment Dates constitutes an event of default enabling the relevant Agent to accelerate the Firebird Whole Loan. Upon a breach (including a breach constituting an event of default) of any of the financial ratios, certain amounts will be retained in the Firebird Rental Income Account or utilised for expenditure on a Firebird Property or expended at the Firebird Lender's discretion in accordance with the Business Plan or utilised in repayment of the Firebird Whole Loan as further specified in the section entitled "*Distributions from the Firebird Rental Income Account*".

"**Firebird Commercial Property**" means each part of each Firebird Property used or intended for use for commercial or retail purposes.

"**Firebird Projected Debt Service Costs**" means, for any interest period, the aggregate of all interest, commitment commission, other finance costs and repayment instalments which, in the opinion of the Security Agent, shall be payable by the Firebird Borrowers to the Finance Parties under the Finance Documents during, or at the end of, that interest period after taking into account all amounts payable to, or receivable by, the Firebird Borrowers during, or at the end of, that interest period under any hedge document.

"**Firebird Projected Finance Costs**" means, for any Interest Period, the aggregate of all interest, commitment commission, other finance costs which, in the opinion of the relevant Security Agent, shall be payable by the Firebird Borrowers to the Finance Parties under the Finance Documents.

"**Firebird Projected Net Rental Income**" means, for any rental quarter, the relevant Security Agent's estimate of the net rental income (having deducted service charges, ground rent, VAT or other applicable taxes) receivable by the Firebird Borrowers under any lease having deducted any amounts payable in respect of a unlet part of a Property and any amounts payable by a tenant that is more than two months in arrears or the tenant is unable to pay.

"**Firebird Residential Property**" means each part of each Firebird Property used or intended for use for residential purposes.

The Firebird Borrowers' Accounts. Each of the Firebird Borrowers has opened the following accounts:

(a) a current account designated as a general account (the "**Firebird General Account**");

(b) a current account designated as a disposal proceeds account (the "**Firebird Disposal Proceeds Account**"), to be opened once there has been a disposal;

(c) a current account designated as a rental income account (the "**Firebird Rental Income Account**"); and

(d) a current account designated as a service charge account (the "**Firebird Service Charge Account**"),

together referred to as the "**Firebird Borrowers' Accounts**".

In addition, each of the Firebird Borrowers has also opened or will open a rental collection account, insurance proceeds account and extraordinary payments account. The firebird Borrowers are not allowed to open any other account other than any rent deposit account. Each of the Firebird General Accounts, Firebird Disposal Proceeds Account and the Firebird Rental Income Account are subject to a Firebird law pledge.

Distributions from the Firebird Rental Income Accounts. All amounts representing net rental income, loss of rent insurance proceeds, VAT refunds and amounts payable under any hedging document must be paid into the Firebird Rental Income Account. The relevant Security Agent has joint signing rights on the Firebird Rental Income Account with the Firebird Borrowers and the Firebird Property Manager.

On each Firebird Interest Payment Date the relevant Security Agent will withdraw the following amounts as follows (provided that there is no Firebird Loan Event of Default continuing):

(a) *firstly*, any unpaid amount due under any lease out of which the relevant Firebird Borrower derives its interest in the Firebird Property;

(b) *secondly*, any unpaid costs, fees or expenses due to any of the Finance Parties under the Finance Documents;

(c) *thirdly*, pro-rata payments of accrued interest and fees due but unpaid under the Firebird Finance Documents and any hedging payments;

(d) *fourthly*, taxes in respect of the Firebird Properties;

(e) *fifthly*, payment pro-rata of the Firebird Whole Loan, to the extent payable, and any hedging payments as a result of termination of a hedging arrangement;

(f) *sixthly*, all or part of the other due and payable obligations of the Firebird Borrowers (secured pursuant to the relevant Finance Documents); and

(g) *seventhly*, if no Firebird Event of Default is continuing and no breach of financial covenants has occurred, any surplus is to be paid into the Firebird General Account.

If there is a breach of a financial covenant or Firebird Loan Event of Default which is continuing, then any amounts standing to the credit of the Firebird Rental Income Account will be retained in the Rental Income Account or utilised for expenditure on a Property or expended at the Lenders' discretion in accordance with the Firebird business plan or utilised in repayment of the Firebird Whole Loan.

Distributions from the Firebird Disposal Proceeds Account. All net disposal proceeds from the sale of a Firebird Borrower's interest in whole or in part of a Firebird Property (including the disposal by the Firebird Borrowers' parent company of its shares in any of the Firebird Borrowers) must be paid into the Firebird Disposal Proceeds Account. The relevant Security Agent has joint signing rights with the Firebird Borrowers over the Firebird Disposal Proceeds Account.

On each Firebird Interest Payment Date the relevant Security Agent will withdraw the following amounts in the following order:

(a) *firstly*, payment of any unpaid ground rent due and payable under any lease out of which a Firebird Borrower derives its interest in a Firebird Property;

(b) *secondly*, payment of any other unpaid costs and expenses owing to the Finance Parties under the Finance Documents;

(c) *thirdly*, pro-rata payment of all accrued interest and fees due but unpaid under the Firebird Finance Documents and any hedging payments;

(d) *fourthly*, payment of taxes in respect of the Firebird Properties;

(e) *fifthly*, pro-rata payment pro-rata of the Firebird Whole Loan, to the extent payable, and any hedging payments as a result of termination of a hedging arrangement;

(f) *sixthly*, all or part of the other due and payable obligations of the Firebird Borrowers (secured pursuant to the relevant Finance Documents); and

(g) *seventhly*, if no Firebird Event of Default is continuing and no breach of financial covenants has occurred, any surplus is to be paid into the Firebird General Account.

(vii) **The Grazer Damm 2 Loan**

Loan Information			
	Whole Loan	**A Note**	**B Note**
Original Loan Balance	€ 24,000,000	€ 24,000,000	–
Cut-Off Date Principal Balance	€ 23,385,000	€ 23,385,000	–
Projected Balance at Maturity(1)	€ 21,610,000	€ 21,610,000	–
Undrawn Capex/TI Facility			–
VAT Facility			–

Loan Purpose	Acquisition Facility
Funding Date	15-Jan-2005
First Interest Payment Date	15-Mar-2005
Loan Maturity Date	15-Jan-2012
Remaining Term	5.0 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	4.4%
Primary Loan Security	1st ranking mortgage
Borrower(s)	CONWERT GRAZER DAMM DEVELOPMENT GMBH
Borrower Location	Germany
Amortisation	Amortising
Interest Calculation	Act/360

Loan Information	
Single asset/Portfolio	Portfolio
Property Type	Multifamily
No. of Properties	4
Property Location	Germany
Year Built / Renovated	1930 - 1959
Tenure	Leasehold
Property /Asset Manager	Vivacon AG
Net Lettable Area (sqm)	55,556
Total Gross Rental Income p.a.	€ 2,350,378
Total Net Rental Income p.a.	€ 1,687,976
ERV	€ 2,985,390
Occupancy (as % of Net Lettable Area)	80.8%
Appraised Market Value	€ 42,324,000
Date of Valuation	30-Jun-2006
Valuer	Mag Thomas N Malloth
VPV	n/a
Purchase Price	€ 38,656,000
Number of Unique Commercial Tenants	n/a
Number of Occupied Residential Units	922
Number of Commercial Leases	n/a
% of Investment Grade Income(5)	n/a

Financial Ratios				
	A Note		**Whole Loan**	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	1.61x	1.75x	1.61x	1.75x
DSCR(6)	1.31x	1.26x	1.31x	1.26x
LTV(4)(5)	55.3%	51.1%	55.3%	51.1%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Grazer Damm 2 Loan was made pursuant to a loan agreement dated 30 December 2004 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Grazer Damm 2 Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Grazer Damm 2 Agent**"), Lehman Brothers Bankhaus AG, London Branch (in its

capacity as "**Grazer Damm 2 Original Lender**") and the Grazer Damm 2 Borrower (the "**Grazer Damm 2 Loan Agreement**"). The Grazer Damm 2 Loan is governed by German law.

The Grazer Damm 2 Borrower. The Grazer Damm 2 Borrower is a German limited liability company (*Gesellschaft mit beschränkter Haftung*) registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg under HRB 94942. The Grazer Damm 2 Borrower is wholly-owned and controlled by Conwert Immobilien Invest AG (the "**Grazer Damm 2 Borrower's Sponsor**") which is a publicly quoted property developer registered in Austria.

The Grazer Damm 2 Properties. The Grazer Damm 2 Loan is secured by the Grazer Damm 2 Properties being 4 predominantly residential properties located in Germany, details of which are set out in the table below. The Grazer Damm 2 Borrowers own the Grazer Damm 2 Properties.

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
2102	Multifamily	Leasehold	14,551,677	580,246	19,100	Multiple	n/a
2105	Multifamily	Leasehold	14,507,718	516,823	19,043	Multiple	n/a
2100	Multifamily	Leasehold	10,344,426	485,390	13,579	Multiple	n/a
2101	Multifamily	Leasehold	2,920,179	105,517	3,834	Multiple	n/a
Total			**42,324,000**	**1,687,976**	**55,556**		**n/a**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Grazer Damm 2 Loan is secured by a certificated aggregate land charge (*Gesamtbriefgrundschuld*) on the Grazer Damm 2 Properties. The certificated aggregate land charge (*Gesamtbriefgrundschuld*) on the freehold interest which had been entered in the land registered as a security until the entry of the land charge over the Hereditary Building Rights will have to be deleted in due course.

In favour of the relevant Security Agent, the Grazer Damm 2 Borrower has pledged or assigned all rental income, leases, insurance policies and has granted pledges over each of the Grazer Damm 2 Borrower's accounts listed below (see "*The Grazer Damm 2 Borrower's accounts*" below). The Grazer Damm 2 Borrower is prohibited from granting any security over its assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Furthermore, the Grazer Damm 2 Borrower's Sponsor has guaranteed in favour of the Grazer Damm 2 Borrower and the relevant Security Agent to pay any amount of tax in case of tax leakages by the Grazer Damm 2 Borrower. There is no pledge of the Grazer Damm 2 Borrower's Sponsors shares in the Grazer Damm 2 Borrower.

Insurance under the Grazer Damm 2 Loan Agreement. The Grazer Damm 2 Borrower is obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Grazer Damm 2 Properties and the corresponding freehold interest, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Security Agent directs. The Grazer Damm 2 Borrower must also maintain insurance for two years' loss of rent (or such other period as the relevant Security Agent directs). The Grazer Damm 2 Borrower shall ensure that any such insurance policies contain appropriate loss payee clauses whereby Lehman Brothers Bankhaus A.G., London Branch and any person, bank, trust, fund or other entity which has become a party as a lender in accordance with the provisions in the Grazer Damm 2 Loan Agreement (the "**Grazer Damm 2 Lenders**")shall be co-insured and named as co-loss payee. The insurance policies do not stipulate that any insurance proceeds are to be paid directly to the relevant Security Agent.

Property Management. The Grazer Damm 2 Properties are managed by Vivacon AG (the "**Grazer Damm 2 Property Manager**"). The Grazer Damm 2 Property Manager has been appointed by the Grazer Damm 2 Borrower under a property management agreement (the "**Grazer Damm 2 Property Management Agreement**"). Such Grazer Damm 2 Property Management Agreement must be satisfactory to the relevant Agent. If the Grazer Damm 2 Property Manager breaches an obligation under a Grazer Damm 2 Property Management Agreement the relevant Agent may require the Grazer Damm 2 Borrower to appoint a new property manager if the breach has not been remedied within a certain period pursuant to the Grazer Damm 2 Loan Agreement.

Repayment. The Grazer Damm 2 Loan (and all other amounts outstanding) is to be repaid in full on 15 January 2012. Prior thereto, on each Grazer Damm 2 Loan Interest Payment Date the Grazer Damm 2 Borrower must repay a portion of the Grazer Damm 2 Loan in accordance with a repayment schedule.

Prepayment. The Grazer Damm 2 Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and any prepayment fee.

Mandatory prepayments must be made upon any disposal of a Grazer Damm 2 Property. Such disposal may only be made subject to the condition that (i) the amount of net disposal proceeds complies with certain financial covenants and the disposal will not result in a violation of the Grazer Damm 2 Interest Cover Ratio (as defined below) and the Grazer Damm 2 Debt Service Cover Ratio (as defined below), (ii) the disposal is at arm's length, (iii) there is no default outstanding and (iv) the relevant Agent confirms that upon prepayment it shall release and discharge its security over the relevant Hereditary Building Right.

Financial covenants. The Grazer Damm 2 Loan requires a minimum "**Grazer Damm 2 Interest Cover Ratio**", namely that the Grazer Damm 2 Borrower must ensure that, on each Grazer Damm 2 Interest Payment Date (as defined below) the Grazer Damm 2 Projected Net Rental Income (calculated separately for the next four successive Grazer Damm 2 Loan Interest Payment Dates) is not less than 120 per cent. of the Grazer Damm 2 Projected Finance Costs.

The Grazer Damm 2 Loan also requires a minimum "**Grazer Damm 2 Debt Service Cover Ratio**", namely that the Grazer Damm 2 Borrower must ensure that, on each Grazer Damm 2 Loan Interest Payment Date, the Grazer Damm 2 Projected Net Rental Income (calculated separately for the next four successive Grazer Damm 2 Loan Interest Payment Dates) is not less than 100 per cent. of the Grazer Damm 2 Projected Debt Service Costs.

The Grazer Damm 2 Loan further requires that, on any day, the Loan to Value Ratio shall not exceed 86 per cent. (the "**Maximum Grazer Damm 2 Loan to Value Ratio**").

A breach of either of the Grazer Damm 2 Interest Cover Ratio or the Grazer Damm 2 Debt Service Cover Ratio occurring (i) on two consecutive Interest Payment Dates or (ii) any four Interest Payment Dates constitutes an event of default enabling the relevant Agent to accelerate the Grazer Damm 2 Loan. Upon a breach (including a breach constituting an event of default) of any of the financial ratios, certain amounts will be retained in the Grazer Damm 2 Rental Income Account or utilised for expenditure on a Grazer Damm 2 Property or Hereditary Building Right or expended at the Grazer Damm 2 Lender's Discretion as further specified in the section entitled "*Distributions from the Grazer Damm 2 Rental Income Account*".

"**Grazer Damm 2 Projected Net Rental Income**" means, for any rental quarter, the relevant Agent's proper estimate of the net rental income (having deducted service charges, ground rent, VAT or other applicable taxes) receivable by the borrower under any lease having deducted any costs, fees, taxes, arrears payments.

"**Grazer Damm 2 Projected Finance Costs**" means, for any interest period, the aggregate of all interest, commitment commission, other finance costs which, in the opinion of the relevant Agent (acting reasonably), shall be payable by the Grazer Damm 2 Borrower to the Finance Parties under the Finance Documents during that interest period after taking into account all amounts payable or

receivable on account of interest by the Grazer Damm 2 Borrower during that interest period under any hedge document.

"**Grazer Damm 2 Projected Debt Service Costs**" means, for any interest period, the aggregate of all interest, commitment commission, other finance costs and repayment instalments which, in the opinion of the relevant Agent (acting reasonably), shall be payable by the Grazer Damm 2 Borrower to the Finance Parties under the Finance Documents during the interest period after taking into account all amounts payable or receivable on account of interest by the Grazer Damm 2 Borrower during that interest period under any hedge document.

"**Grazer Damm 2 Loan Interest Payment Date**" means 15 April, 15 July, 15 October and 15 January (or, if a non-business day, on the business day falling immediately before in the same month or, if none, it shall end on the immediately preceding business day); and in relation to any unpaid sum, the last day of an Interest Period (as defined below) relevant to that unpaid sum). Interest periods in relation to the Grazer Damm 2 Loan start on each Grazer Damm 2 Loan Interest Payment Date and end on the next following Grazer Damm 2 Loan Interest Payment Date.

The Grazer Damm 2 Borrower's accounts. The Grazer Damm 2 Borrower has opened the following accounts:

(a) a current account designated as a general account (the "**Grazer Damm 2 General Account**");

(b) a current account designated as a disposal proceeds account (the "**Grazer Damm 2 Disposal Proceeds Account**");

(c) a current account designated as a rental income account (the "**Grazer Damm 2 Rental Income Account**"); and

(d) a current account designated as a service charge account (the "**Grazer Damm 2 Service Charge Account**"),

(e) a current account designated as a renovation cost account (the "**Grazer Damm 2 Renovation Cost Account**"),

together referred to as the "**Grazer Damm 2 Borrower's Accounts**".

The Grazer Damm 2 Borrower is not permitted to maintain any other account with any bank or financial institution without the prior written consent of the relevant Agent. Each of the Grazer Damm 2 General Account, Grazer Damm 2 Disposal Proceeds Account, Grazer Damm 2 Rental Income Account, Grazer Damm 2 Service Charge Account and Grazer Damm 2 Renovation Cost Account are subject to a German law pledge.

Distributions from the Grazer Damm 2 Rental Income Account. All amounts representing net rental income, insurance proceeds, VAT refunds and amounts payable under any hedging document but not otherwise paid directly to the Lenders must be paid into the Grazer Damm 2 Rental Income Account. The relevant Agent has sole signing rights on the Grazer Damm 2 Rental Income Account.

On a daily basis (providing no event of default is continuing) the relevant Agent will transfer from the Grazer Damm 2 Rental Income Account all proceeds in respect of any property management, maintenance, repair or similar obligations or in respect of any breach of covenant, any contribution to a sinking fund, any contribution by a tenant to ground rent and any amount which represents VAT chargeable in respect of any such amount.

On each Interest Payment Date (as defined below) the relevant Agent will withdraw the following amounts as follows (provided that there is no event of default continuing under the Grazer Damm 2 Loan Agreement and that the account retains a minimum balance):

(a) *firstly*, payment of the rent for the Grazer Damm 2 Properties (*Erbbauzins*) due to the holder of the corresponding freehold interest relating to the Grazer Damm 2 Properties;

(b) *secondly*, payment of all amounts due and payable to the counterparty under the hedging arrangements after netting off of certain payments;

(c) *thirdly*, payment of costs, fees and expenses of the relevant Finance Parties under the Finance Documents;

(d) *fourthly*, payment of all accrued interest and fees due but unpaid by the Grazer Damm 2 Borrower under the relevant Finance Documents;

(e) *fifthly*, payment to the Lenders of each repayment instalment to the extent due and payable in accordance with the Grazer Damm 2 Loan Agreement; and

(f) *sixthly*, if a default is not continuing any surplus not otherwise required to be applied in accordance with the relevant Finance Documents shall be transferred to the Grazer Damm 2 General Account, subject to certain tests being met.

If there is a breach of the terms of the Grazer Damm 2 Loan or event of default which is continuing, then any amounts standing to the credit of the Grazer Damm 2 Rental Income Account will be applied in accordance with the items set out in *first* to *fourth* above and any remaining monies will be expended on the Grazer Damm 2 Properties or the corresponding freehold interest or in accordance with the business plan assumed by the Grazer Damm 2 Borrower.

Distributions from the Disposal Proceeds Accounts. All net disposal proceeds from the sale of a Grazer Damm 2 Borrower's interest in whole or in part in any Grazer Damm 2 Property or the corresponding freehold interest, along with all proceeds of any insurance policy which the Grazer Damm 2 Borrower has entered into in accordance with the Grazer Damm 2 Loan Agreement (other than in respect of third party loss or loss of rent) must be paid into the Grazer Damm 2 Disposal Proceeds Account. The relevant Agent has sole signing rights over the Grazer Damm 2 Disposal Proceeds Account.

On each Interest Payment Date the relevant Agent will withdraw the following amounts in the following order:

(a) *firstly*, payment of all amounts payable to the counterparty as a result of termination or closing out of all or any part of any hedge document;

(b) *secondly*, payment to the Grazer Damm 2 Lenders of each repayment instalment;

(c) *thirdly*, payment of all prepayment fees due to the Grazer Damm 2 Lenders under the Grazer Damm 2 Loan Agreement;

(d) *fourthly*, all break costs and other costs, fees and expenses due and payable to the Grazer Damm 2 Lenders;

(e) *fifthly*, repayment of the Grazer Damm 2 Loan in accordance with the mandatory prepayment provisions of the Grazer Damm 2 Loan Agreement;

(f) *sixthly*, to the extent not otherwise required to be applied in accordance with the Finance Documents to be paid into the Grazer Damm 2 Rental Income Account.

Such amounts as are required to pay direct costs, fees, expenses and VAT payable on such disposal proceeds payable by the Grazer Damm 2 Borrower shall be transferred to the Grazer Damm 2 General Account.

Distributions from the Grazer Damm 2 Service Charge Account. All proceeds from amounts due by a tenant to the Grazer Damm 2 Borrower under a lease for any property management, maintenance, repair or similar obligations or in providing any other services to such tenant, for any breach of covenant where such amount is or is to be applied by the Grazer Damm 2 Borrower in remedying such breach or covering the expenses, for any contribution to a sinking fund incurred by a tenant under its occupational lease, for any contribution by a tenant to ground rent in respect of the relevant Grazer Damm 2 Property and including any amount which represents VAT chargeable in respect of any such amount must be transferred from the Grazer Damm 2 Rental Income Account into the Grazer Damm 2 Service Charge Account. The relevant Agent has sole signing rights over the Grazer Damm 2 Service Charge Account.

Proceeds on deposit in the Grazer Damm 2 Service Charge Account may be withdrawn by the relevant Agent or the Grazer Damm 2 Managing Agent as the agent's representative to be applied towards paying the expenses outlined in the previous paragraph, as well as any sums payable in relation to the condominium contribution (*WEG-Hausgeld*) and fees, costs and expenses incurred by the Grazer Damm 2 Borrower in order to fulfil its obligations under the Hereditary Building Rights and its undertakings under the Grazer Damm 2 Loan Agreement in respect of reconstruction, repair, alterations, pay rents, charges and taxes. If the relevant tests are satisfied at the end of a calendar month and no event of default is outstanding the relevant Agent will transfer all monies standing to the credit of the account above a minimum amount to the Grazer Damm 2 Rental Income Account.

Distributions from the Renovation Costs Account. An amount of €8,469,000 was paid directly into the Grazer Damm 2 Renovation Cost Account. The Grazer Damm 2 Borrower is entitled to substitute any amount standing to the credit of the Grazer Damm 2 Renovation Cost Account with a bank guarantee from a financial institution with a rating which satisfies the same criteria applicable to the Account Bank and which is acceptable to the Lender and the relevant Agent from time to time. Withdrawals from the Renovation Costs Account may be made by the Grazer Damm 2 Borrower unless an event of default which has occurred and is continuing, in which case the relevant Agent will have sole signing rights.

Withdrawals from the Renovation Costs Account may only be made to pay for renovation works in accordance with the business plan assumed by the Grazer Damm 2 Borrower. Following the occurrence of an event of default, the Grazer Damm 2 Borrower shall use the remaining amounts either towards repayment of the Grazer Damm 2 Loan or towards the continued execution of renovation works in accordance with the aforementioned business plan.

Distributions from the Grazer Damm 2 General Account. Proceeds are transferred into the Grazer Damm 2 General Account from the Grazer Damm 2 Disposal Proceeds Account and the Grazer Damm 2 Rental Income Account as detailed above.

Withdrawals from the Grazer Damm 2 General Account, subject to there being no event of default continuing under the Grazer Damm 2 Loan Agreement, may be made by the Grazer Damm 2 Borrower. After the occurrence of an event of default which is continuing the relevant Agent will have sole signing rights. The Grazer Damm 2 Borrower may withdraw from the Grazer Damm 2 General Account in the following order:

(a) *firstly*, payment of all service charges and other charges to the Grazer Damm 2 Managing Agent;

(b) *secondly*, payments of amounts and for the purposes set out in the business plan assumed by the Grazer Damm 2 Borrower; and

(c) *thirdly*, other purposes.

Whilst a default is continuing, the relevant Agent may prevent withdrawals being made without its consent.

(viii) **The Built Loan**

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 9,250,000	€ 9,250,000	–
Cut-Off Date Principal Balance	€ 9,100,000	€ 9,100,000	–
Projected Balance at Maturity(1)	€ 7,885,000	€ 7,885,000	–

Undrawn Capex/TI Facility	–
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	12-May-2006
First Interest Payment Date	15-Jul-2006
Loan Maturity Date	15-Jul-2011
Remaining Term	4.5 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	5.3%
Primary Loan Security	1st ranking mortgage
Borrower(s)	German Discount Property Portfolio Limited, Objekt Alt Kaulsdorf 1A Verwaltungs GmbH, GDPP 2 Limited
Borrower Location	UK
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Retail
No. of Properties	5
Property Location	Germany
Year Built / Renovated	2005
Tenure	Freehold/Leasehold
Property /Asset Manager	DTZ Zadelhoff Tie Leung GmbH, G.K.V Projecktentwicklungs und Bauträgergesellschaft mbH & Co. KG
Net Lettable Area (sqm)	5,975
Total Gross Rental Income p.a.	€ 818,983
Total Net Rental Income p.a.	€ 771,956
ERV	€ 811,458
Occupancy (as % of Net Lettable Area)	100.0%
Appraised Market Value	€ 10,625,000
Date of Valuation	15-Nov-2005
Valuer	DTZ
VPV	€ 9,150,000
Purchase Price	€ 10,097,973
Number of Unique Commercial Tenants	8
Number of Commercial Leases	11
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	12.5 yrs
% of Investment Grade Income(4)	0.0%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR(6)	1.60x	1.79x	1.60x	1.79x
DSCR(6)	1.13x	1.02x	1.13x	1.02x
LTV(5)(6)	85.6%	74.2%	85.6%	74.2%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Built Loan was made pursuant to a loan agreement dated 12 May 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Built Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Built Security Agent**"),

Lehman Brothers Bankhaus AG, London Branch (in its capacity as "**Built Original Lender**") and the Built Borrowers (the "**Built Loan Agreement**"). The Built Loan is governed by English law.

The Built Borrowers. German Discount Property Portfolio Limited and GDPP2 Limited (the "**Built Borrowers**") are both limited liability companies incorporated under the laws of Guernsey. German Discount Property Portfolio Limited is owned by the Amanat Trust through Confiance Limited as trustee and beneficial owner of the issued share capital, CN Alpha Limited and CN Beta Limited as nominees for the Amanat Trust and recipient in respect of the entire issued share capital.

CN Alpha Limited and CN Beta Limited hold the shares in GDPP2 Limited as nominees for German Discount Property Portfolio Limited.

Objekt Alt Kaulsdorf 1A Verwaltungs GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg under the number HRB 93919. German Discount Property Portfolio Limited is the only shareholder of Objekt Alt Kaulsdorf 1A Verwaltungs GmbH.

The Built Properties. The Built Loan is secured by five commercial properties located in Germany (one of which is the Built Hereditary Building Right (*Erbbaurecht*)), details of which are set out in the table below (the "**Built Properties**" and each a "**Built Property**"). The Built Borrowers own the Built Properties.

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
Hildesheim; 31137; Philipp-Reis-Strasse	Retail	Freehold	2,700,000	189,334	1,577	Multiple	11.7
Berlin; 12621; Alt-Kaulsdorf 1-11	Retail	Freehold	2,300,000	166,840	980	Multiple	12.8
Steinheim; 32839; Wobbler Strasse	Retail	Freehold	2,200,000	160,093	1,326	Multiple	12.8
Wolfenbuttel; 38304; Adersheimer Strasse	Retail	Freehold	1,800,000	127,245	981	Multiple	12.8
Borchen; 33178; Bahnhof Strasse	Retail	Leasehold	1,625,000	128,445	1,111	Multiple	12.8
Total			**10,625,000**	**771,956**	**5,975**		**12.5**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Built Loan is secured by (i) a first-ranking non-certificated aggregate land charge (*Gesamtbuchgrundschuld*) over the Built Properties in Alt-Kaulsdorf, Steinheim, Hildesheim and Wolfenbüttel in the amount of €9,250,000 and (ii) a first-ranking non certificated land charge (*Buchgrundschuld*) over the Built Hereditary Building Right (*Erbbaurrecht*) on the Built Property in Borchen in the amount of €1,620,000.00. In addition, each Built Borrower has (i) assigned in favour of the relevant Security Agent all rental income, leases, insurance policies, contractual claims and (ii) granted pledges over each of the Built Borrowers' accounts listed below (see "*The Built Borrowers' Accounts*" below). Finally, each Built Borrower has undertaken to pay any amounts due under the Built Loan which the other Built Borrower does not pay. To support this undertaking each Built Borrower is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the shares in the Built Borrowers pursuant to (i) a German law share pledge agreement in relation to the shares in Objekt Alt Kaulsdorf 1A Verwaltungs GmbH and (ii) Guernsey law security interest agreements in relation to the shares in German Discount Property Portfolio Limited and GDPP2 Limited.

Insurance under the Built Loan Agreement. The Built Borrowers are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Built Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism (to the extent available in the market), third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the relevant Security Agent directs. The Built Borrowers must also maintain insurance for three years' loss of rent (or such other period as the relevant Security Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in the names of the Built Borrowers and the relevant Security Agent as co-insured or otherwise note the Security Agent's interest in each relevant insurance policy and must include a term whereby proceeds of any claim are payable directly to the relevant Security Agent.

Property Management. The Built Properties are managed by DTZ Zadelhoff Tie Leung GmbH, registered under German law and G.K.V Projectentwicklungs- und Bauträgergesellschaft mbH & Co KG (the "**Built Property Manager**"). The Built Property Manager has been appointed by the Built Borrowers under property management agreements (the "**Built Property Management Agreements**"). Such Built Property Management Agreements must be satisfactory to the relevant Agent and may not be terminated or amended by the Built Borrowers without the consent of the Agent. If the Built Property Manager is in default under a Built Property Management Agreement to an extent entitling the relevant Built Borrower to rescind or terminate that agreement, the relevant Built Borrower will use promptly use all reasonable endeavours to terminate the contract if so requested by the Agent. The Agent may furthermore require the relevant Built Borrower to appoint a new property manager. In addition, the Built Borrowers, the Built Property Manager and the Agent have entered in to a duty of care agreement (the "**Built Duty of Care Agreement**") under which the Built Property Manager gives certain representations and warranties to the relevant Agent in relation to, *inter alia*, the management of the Built Properties, the collection of the rental income and the care and diligence in performing the Built Property Management Agreements.

Repayment. The Built Loan (and all other amounts outstanding) is to be repaid in full on 15 July 2011. Prior thereto, on each Built Loan Interest Payment Date the Built Borrowers must repay a portion of the Built Loan in accordance with a repayment schedule.

Prepayment. The Built Loan provides for voluntary and mandatory prepayment. Any voluntary and mandatory prepayment shall be made together with accrued interest on the amount prepaid and, subject to any break costs, prepayment fees or amounts payable in connection with a fixed rate advance indemnity, without any premium or penalty.

Mandatory prepayments must be made upon any disposal of a Built Property. Such disposals may only be made if the Agent is satisfied that (i) no default under the Built Loan is outstanding, (ii) the transaction is at arm's length, (iii) neither the completion nor the payment date for the acquisition of the relevant Built Property is deferred for more than 30 days from the execution of the contract, (iv) the net disposal proceeds are sufficient to prepay the Built Loan in an amount of 115 per cent of the allocated loan amount for such Built Property and (v) a prior written notice was given to the relevant Agent.

Financial covenants. The Built Loan requires a minimum "**Built Interest Cover Ratio**", namely that the Built Borrowers must ensure that, on each Built Loan Interest Payment Date (as defined below), the Built Projected Net Rental Income (calculated separately for the next four successive Built Loan Interest Payment Dates) after that date is not less than 150 per cent. of the Built Projected Interest Costs for the relevant interest period (starting on the next Built Loan Interest Payment Date.

The Built Loan also requires a minimum "**Built Debt Service Cover Ratio**", namely that the Built Borrowers must ensure that, on each Built Loan Interest Payment Date, the Built Projected Net Rental Income (calculated separately for the next four successive Built Loan Interest Payment Dates) after that date is at least (i) in respect of each Built Loan Interest Payment Date falling on or before 12 May 2010, 105 per cent. of the Built Projected Finance Costs for the relevant interest period (starting on the next Built Loan Interest Payment Date and (ii) in respect of each Built Loan Interest

Payment Date falling after 12 May 2010, 101 per cent. of the Built Projected Finance Costs for the relevant interest period (starting on the next Built Loan Interest Payment Date).

The Built Loan further requires that, on any day, the Loan to Value Ratio shall not exceed 87.5 per cent (the "**Maximum Built Loan to Value Ratio**").

A breach of any of the Built Interest Cover Ratio, the Built Debt Service Cover Ratio and the Maximum Built Loan to Value Ratio, occurring on either (i) two consecutive Built Loan Interest Payment Dates or (ii) any four Built Loan Interest Payment Dates constitutes an event of default enabling the relevant Originator to accelerate the Built Loan. Upon a breach (including a breach constituting an event of default) of any of the Built Interest Cover Ratio, the Built Debt Service Cover Ratio and the Maximum Built Loan to Value Ratio, certain amounts will be retained in the Built Rent Account or applied at the relevant Agent's discretion as further specified below under "*Distributions from the Built Rent Accounts"*.

"**Built Projected Finance Costs**" means, for any interest period, the Agent's estimate of the aggregate amount of (a) all interest, fees and other periodic payments (other than principal) payable to the Built Finance Parties (as defined below) and (b) any payments due as scheduled repayment instalments, in each case pursuant to the relevant Built Finance Documents.

"**Built Projected Net Rental Income**" means, for any rental quarter, the Agent's estimate of the net rental income (having deducted service charges, ground rent, payments from a guarantor under an occupational lease, VAT or other applicable taxes) receivable by the Built Borrower under any lease.

"**Built Projected Rental**" means, in respect of any interest period, an estimate by the relevant Agent (taking into account the provisions relating to interest cover and debt service cover ratio) of the Built Loan on any relevant date) of the aggregate net rental income of the Built Properties payable on the rent payment dates falling in the relevant interest period.

The Built Borrowers' accounts. Each of the Built Borrowers has opened the following accounts:

(a) a current account designated as a general account (the "**Built General Account**");

(b) a current account designated as a disposal proceeds account (the "**Built Disposal Proceeds Account**");

(c) a current account designated as a rental income account (the "**Built Rent Account**"); and

(d) a current account designated as a service charge account (the "**Built Service Charge Account**"),

together referred to as the "**Built Borrowers' Accounts**".

Each of the Built Borrower's Accounts is subject to a German law pledge in favour of the Agent for itself and in its capacity as agent and trustee for the Finance Parties. The Built Borrowers have joint signing rights with the Built Property Manager on the Built Service Charge Accounts and sole signing rights on the Built General Accounts (unless a default is continuing) and the relevant Security Agent has sole signing rights over each of the other Built Borrowers' Accounts.

Distributions from the Built Rent Accounts. All rental income and other amounts received by the Built Borrowers (other than amounts required to be paid into the Built Disposal Proceeds Account) are to be directly paid into the relevant Built Rent Account. The relevant Security Agent has sole signing rights on each Built Rent Account.

On each Built Loan Interest Payment Date (as defined below) the relevant Agent shall withdraw from the Built Rent Accounts (provided that there is no Built Loan Event of Default

continuing) such amounts as may be necessary toward the following items (and if the credit balance in the Built Rent Accounts is insufficient to pay all those items, in the following order):

(a) *firstly*, in or towards expenditure in relation to the Built Properties or operating and third party asset management costs, in each case as the relevant Agent may, in its absolute discretion, approve from time to time;

(b) *secondly*, in or towards any unpaid costs, fees or expenses due to the Built Finance Parties under the Built Finance Documents;

(c) *thirdly*, payment of any accrued interest, fee or commission due but unpaid under the loan agreement;

(d) *fourthly*, in or toward payment *pro rata* of any principal or other amount due but unpaid under the loan agreement; and

(e) *fifthly*, payment of any surplus into the relevant Built General Account;

If any of the financial ratios set out above is breached or a default is continuing, any moneys remaining following application of amounts under (a) to (e) above will be retained in the Built Rent Account or expended at the Agent's discretion on the Built Property or applied at the Agent's discretion in voluntary prepayment of the Built Loan or other amounts outstanding under a Built Finance Document until no such relevant circumstance is occurring. On a Built Loan Interest Payment Date subsequent to any date on which the relevant Agent is satisfied that no relevant circumstance is occurring, the Agent will apply all monies standing to the credit of the Built Rent Account in the order specified under (a) to (e) above.

The Built Borrowers may, under certain circumstances and as long as no default is continuing, request the relevant Agent to withdraw from the Built Rent Accounts such amount of service charge proceeds and rental income VAT paid into such Built Rent Accounts as the relevant Agent may determine (acting reasonably and without undue delay) is required to be applied in accordance with the applicable service charge account and general account provisions. If the relevant Agent determines that a default is not continuing, the relevant Agent shall pay: (i) the service charge proceeds less the VAT element thereof to the credit of the relevant Built Service Charge Account; and (ii) the VAT element of the service charge proceeds and rental income VAT to the credit of the relevant Built General Account.

The amounts standing to the credit of the relevant Built Rent Account may be applied by the relevant Agent in payment of all Built Hereditary Building Right interest (if any) due and payable to the respective owner under the Built Hereditary Building Right agreement.

"**Built Loan Interest Payment Date**" means, in relation to the Built Loan, 15 January, 15 April, 15 July and 15 October in each year (or, if a non Business day, on the immediately preceding Business day) with the first Interest Payment Date being 15 July 2006 and the last being the repayment date of the Built Loan.

Distributions from the Built Disposal Proceeds Accounts. Each Built Borrower shall ensure that (i) all its net disposal proceeds (but at least an amount being the aggregate of (a) 115 per cent. of the allocated loan amount for the disposed Built Property and (b) any amount that will be payable in connection with the prepayment of the Built Loan) and (ii) all the proceeds of loss of rent insurance and any other proceeds of insurance claims are promptly paid into its relevant Built Disposal Proceeds Account.

On the last day of the Built interest period in which the relevant disposal has occurred, each Built Borrower must:

(a) prepay the Built Loan in an amount equal to the sum of 115 per cent of the allocated loan amount for that Built Property;

(b) pay any break costs, fees and amount payable in relation to any hedging arrangement in connection with such prepayment.

If no default is continuing or would result from such transfer, the relevant Agent shall on each Built Loan Interest Payment Date transfer to the relevant Built Loan Rent Accounts such part of the amounts deriving from the loss of rent insurance that would have been paid in the relevant interest period as rental income in respect of the Built Property in respect of which the loss of rent insurance has been paid. Furthermore, if no default is continuing or would result from such withdrawal, the relevant Agent must at the written request of the Built Borrowers, transfer any amount deposited in the Built Disposal Proceeds Accounts, to the extent such amount is in excess of the amount required to be paid under the mandatory prepayment provisions, to the Built General Accounts.

Distributions from the Built General Accounts. Unless a default is continuing and subject to the restrictions in the Built Subordination Deed, each Built Borrower may make withdrawals from its Built General Account to make any payments, in particular apply such amounts received in respect of VAT towards payment of VAT to the competent tax office of such Built Borrower. Upon the occurrence of a default under the Built Loan, no amounts may be withdrawn without the consent of the relevant Agent and the relevant Agent is entitled to operate the Built General Accounts in or towards any of the purposes for which moneys in such Built General Accounts may be applied. Each Built Borrower shall have signing rights on its respective Built General Account.

Distributions from the Built Service Charge Accounts. The Built Borrowers and the Built Property Manager may apply the proceeds on the Built Service Charge Accounts towards paying (i) service charge expenses (excluding the VAT element), (ii) insurance premiums for insuring the Built Properties, (iii) any VAT payable by the Built Property Manager in connection with the management of the Built Property and (iv) sums payable in connection with the maintenance of the Built Properties. Each Built Borrower shall have joint signing rights with the Built Property Manager in relation to the respective Built Service Charge Account. The relevant Security Agent may withdraw sums from the Built Service Charge Account and apply such sums in order to satisfy the before mentioned obligations of the respective Built Borrowers.

The Dutch Loans

(i) The Tresforte Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 75,410,000	€ 75,410,000	–
Cut-Off Date Principal Balance	€ 74,940,224	€ 74,940,224	–
Projected Balance at Maturity(1)	€ 69,670,001	€ 69,670,001	–

Undrawn Capex/TI Facility	–
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	05-Dec-2006
First Interest Payment Date	15-Jan-2007
Loan Maturity Date	15-Jan-2012
Remaining Term	5.0 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	4.9%
Primary Loan Security	1st ranking mortgage
Borrower(s)	MKCEF Purmerend B.V., MKCEF Zoetermeer B.V., MKCEF Arnhem B.V., MKCEF Delft B.V., MKCEF Apeldoorn B.V., MKCEF Zwolle 1&2 B.V., MKCEF Amersfoort 1,2,3,4,5 B.V., MKCEF Breda 1&2 B.V., MKCEF Utrecht B.V., MKCEF Nienwegein 1&2 B.V.
Borrower Location	The Netherlands
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Office
No. of Properties	17
Property Location	The Netherlands
Year Built / Renovated	1985 - 2001
Tenure	Freehold
Property /Asset Manager	Tresforte Beheer B.V.
Net Lettable Area (sqm)	54,927
Total Gross Rental Income p.a.	€ 6,847,116
Total Net Rental Income p.a.	€ 6,229,344
ERV	€ 7,241,094
Occupancy (as % of Net Lettable Area)	82.4%
Appraised Market Value	€ 89,060,000
Date of Valuation	31-Oct-2006
Valuer	Savills
VPV	€ 62,330,000
Purchase Price	€ 85,000,000
Number of Unique Commercial Tenants	68
Number of Commercial Leases	73
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	4.4 yrs
% of Investment Grade Income(4)	15.6%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	1.58x	1.59x	1.58x	1.59x
DSCR(6)	1.10x	1.59x	1.10x	1.59x
LTV((5)(6)	84.1%	78.2%	84.1%	78.2%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.

(2) Weighted average rate.

(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.

(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".

(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Tresforte Loan was made pursuant to a loan agreement dated 4 December 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Tresforte Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Tresforte Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Tresforte Original Lender**"), the Tresforte Borrowers and certain guarantors as further defined in such credit agreement (the "**Tresforte Loan Agreement**"). The Tresforte Loan is governed by English law. Some of the post-closing formalities in relation to the Tresforte Loan have not yet been fulfilled on the date hereof.

The Tresforte Borrowers. Each Tresforte Borrower is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) registered in The Netherlands. Each Tresforte Borrower is owned and controlled by the Tresforte Parent, which is wholly-owned and controlled by MK European Capital Partners S.A.R.L., which is incorporated and registered in Luxembourg.

The Tresforte Properties. The Tresforte Loan is secured by 17 commercial properties[2] located in The Netherlands, details of which are set out in the table below (the "**Tresforte Properties**" and each a "**Tresforte Property**").

Property	Property Type	Tenure	Market Value (€)[(1)]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [(2)]
Winkelcentrum Diezerpoort	Mixed Use	Freehold	19,000,000	1,493,221	12,040	Multiple	5.3
Prins Willem	Office	Freehold	9,360,000	802,257	5,285	Multiple	2.4
Schelfhout	Office	Freehold	8,930,000	527,132	4,449	Multiple	4.7
De Voorsprong	Office	Freehold	8,850,000	685,283	4,694	Multiple	8.2
De Hermelijn	Office	Freehold	6,990,000	572,908	3,462	Multiple	2.1
La Connexion	Office	Freehold	5,280,000	304,618	2,969	Multiple	5.0
Ijsselburcht	Office	Freehold	4,460,000	382,417	2,133	Multiple	3.2
Basicweg	Office	Freehold	4,130,000	288,343	3,063	Ormco BV	8.7
La Bellecroix	Office	Freehold	3,430,000	150,256	2,177	Multiple	1.5
Oog in Al	Office	Freehold	3,190,000	282,775	1,931	Multiple	6.8
Remaining Properties	Office	Freehold	15,440,000	740,135	12,724	Multiple	1.9
Total			**89,060,000**	**6,229,344**	**54,927**		**4.4**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

Each Tresforte Loan is secured by a first ranking mortgage over each of the Tresforte Properties. In addition, each Tresforte Borrower and the Tresforte Parent (the "**Tresforte Obligors**") has pledged or assigned in favour of the Agent all receivables under lease agreements, intercompany receivables, insurance receivables, rights under the acquisition agreements by which the Parent has acquired the Tresforte Properties, as well as rights under the management agreement and the Tresforte Escrow Agreement (as defined below) and each of the Tresforte Obligors has also granted pledges over each of the Tresforte Obligors' accounts listed below (see "*The Tresforte Obligors' accounts*" below). Finally, each Tresforte Obligor has undertaken to pay any amounts due under any Tresforte Loan which any other Tresforte Obligor does not pay. To support this undertaking each Tresforte Obligor is prohibited from granting any security over its assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted pursuant to Dutch law share pledge agreements in relation to the shares held by the Tresforte

[2] The term "property" in this sense refers to a business unit that often consists of more than one building and often is registered under more than one cadastral number in the land register.

Parent and MK European Capital Partners S.A.R.L. in the Tresforte Borrowers and the Parent respectively

Insurance under the Tresforte Loan Agreement. The Tresforte Obligors are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Tresforte Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism (to the extent available in the market), third party and public liability risk, fire, storm, tempest, flood, earthquake, lightning, explosions, impact, aircraft (other than hostile aircraft) and aerial devices and articles dropped from them, riot, civil commotion, bursting or overflowing water tanks or apparatus or pipes and such other risks which the relevant Agent directs. The Tresforte Obligors must also maintain insurance for not less than three years' loss of rent (or such other period as the relevant Agent directs). Any such insurance policies save for any insurance policy in respect of terrorism must be in the names of the relevant Obligor which is the Tresforte Parent and the relevant Agent as co-insured and as loss payee, and must include a term whereby proceeds of any claim are payable directly to the relevant Agent.

Property Management. The Tresforte Properties are managed by Tresforte Beheer B.V., registered under Dutch law (the "**Tresforte Property Manager**"). The Tresforte Property Manager has been appointed by the Tresforte Obligors under a property management agreement (the "**Tresforte Property Management Agreement**"). Such Tresforte Property Management Agreement must be satisfactory to the relevant Agent and may not be terminated or amended by the Tresforte Borrowers without the consent of the Agent. If the Tresforte Property Manager breaches an obligation under the Tresforte Property Management Agreement the Agent may require the Tresforte Borrowers to appoint a new property manager if the breach has not been remedied within 14 days. According to the Tresforte Duty of Care Agreement, the Agent may assert all rights and claims under such agreement *vis-à-vis* the Tresforte Property Manager.

Repayment. The Tresforte Loan provides for soft and hard amortisation and is to be repaid in full (including all other amounts outstanding) on 15 January 2012.

Prepayment. The Tresforte Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest, break costs, any hedge indemnity amount and any prepayment fee.

Mandatory prepayments must be made upon any disposal. Such disposal may only be made subject to the conditions that (i) the amount of net disposal proceeds complies with certain financial covenants, (ii) the disposal is at arm's length terms to a bona fide third party purchaser and (iii) there is no default outstanding and the disposal will not cause a default to occur and (iv) notice has been given to the Agent. A mandatory prepayment must also be made in relation to insurance proceeds if the proceeds have not been applied in re-instatement of the relevant property within 120 days in receipt of the relevant proceeds.

Financial covenants. The Tresforte Loan requires a minimum "**Tresforte Interest Cover Ratio**", namely that the Tresforte Parent must ensure that, on each of 15 January, 15 April, 15 July and 15 October the Tresforte Projected Net Rental Income for the next four rental quarters commencing after that date is not less than 120 per cent. of the Tresforte Projected Finance Costs for the next four interest periods (starting on the next four Tresforte Interest Payment Dates, as defined below).

The Tresforte Loan further requires that, on any given date, the Loan to Value Ratio shall not exceed 85 per cent. (the "**Maximum Tresforte Loan to Value Ratio**").

"**Tresforte Projected Finance Costs**" means, for any interest period, the Agent's estimate of the aggregate of all interest, commitment commission, other finance costs payable to the Tresforte Finance Parties (as defined below) pursuant to the relevant Finance Documents.

"**Tresforte Projected Net Rental Income**" means, for any rental quarter, the Agent's estimate of the net rental income (having deducted service charges, certain extraordinary

occupational payment and VAT) receivable by the obligors under any lease having deducted any costs, fees, taxes, arrears payments.

The Tresforte Borrowers' Accounts. The Tresforte Parent has opened the following accounts:

(a) an account designated as a general account (the "**Tresforte General Account**");

(b) an account designated as a disposal proceeds account (the "**Tresforte Disposal Proceeds Account**");

(c) an account designated as a rental income account (the "**Tresforte Rental Income Account**");

(d) an account designated as a service charge account (the "**Tresforte Service Charge Account**");

(e) an account designated as a insurance proceeds account (the "**Tresforte Insurance Proceeds Account**");

(f) certain funds amounting to a rental guarantee are also held directly with the notary who performed the transfer in the notary's account (the "**Tresforte Reserve Account**"); and

(g) an account designated as a extraordinary payments account (the "**Tresforte Extraordinary Payments Account**"),

together referred to as the "**Tresforte Accounts**".

Each of the Tresforte General Accounts, Tresforte Disposal Proceeds Account, the Tresforte Rental Income Account, the Tresforte Service Charge Account, the Tresforte Insurance Proceeds Account and the Tresforte Extraordinary Payments Account as well as the rights under the escrow agreement whereby EUR 2,000,000 is held in escrow by a notary to guarantee the rental income of the Tresforte Properties (the "**Tresforte Escrow Agreement**") are subject to a Dutch law pledge.

Distributions from the Tresforte Rental Income Account. All amounts representing service charge proceeds, net rental income, insurance proceeds in respect of loss of rent and VAT refunds must be paid into the Tresforte Rental Income Account. The Agent has sole signing rights on the Tresforte Rental Income Account.

On each Tresforte Loan Interest Payment Date (as defined below) the Agent will transfer any service charge proceeds to the Tresforte Service Charge Account. The Agent may on such date withdraw the following amounts from the Tresforte Rental Income Account for application in or towards the following items (provided that there is no event of default continuing under the Tresforte Loan Agreement):

(a) *firstly*, any unpaid costs, fees or expenses due to any of the relevant Agent, the arranger or the lenders (the "**Tresforte Lenders**") pursuant to the Tresforte Loan Agreement (each, a "**Tresforte Finance Party**");

(b) *secondly*, subject to there being no default which is continuing and to the Tresforte Obligors not being in breach of certain financial covenants, such expenditure in relation to any Tresforte Property as the Agent may, in its absolute discretion, approve from time to time;

(c) *thirdly*, in or towards payment of all accrued interest and fees due but unpaid under the Tresforte Finance Documents;

(d) *fourthly*, payment of the Tresforte Loan, to the extent due and payable;

(e) *fifthly*, all or part of the other secured obligations under the Tresforte Loan due and payable;

(f) *sixthly*, any surplus, after all or part of the secured obligations under the Tresforte Loan due and payable have been irrevocably paid or discharged in full, to be paid in into the relevant Tresforte General Account,

If there is a breach of certain financial covenants or an event of default is outstanding, then any amounts standing to the credit of the Tresforte Rental Income Account will be applied in accordance with the items set out above and any remaining monies will be retained in the Tresforte Rental Income Account or expended on the Tresforte Properties or otherwise at the Tresforte Lender's discretion in accordance with the Tresforte business plan or applied in discharge of any of the Tresforte secured obligations then due and payable.

"**Tresforte Loan Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October (or, in relation to any sum due and payable but unpaid by a Borrower under the Tresforte Finance Documents, the last day of the interest period in relation to such sum). Interest periods in relation to the Tresforte Loan start on each Tresforte Loan Interest Payment Date and end on the next following Tresforte Loan Interest Payment Date.

Distributions from the Tresforte Disposal Proceeds Account. All net disposal proceeds from the sale of an interest of a Tresforte Obligor in whole or in part of a Tresforte Property or the disposal by MK European Capital Partners S.A.R.L or the Tresforte Parent of its shares in the Tresforte Parent or a Tresforte Obligor respectively must be paid into the Tresforte Disposal Proceeds Account. The Agent has sole signing rights over the Tresforte Disposal Proceeds Accounts.

On each Tresforte Loan Interest Payment Date and on such other date as the Tresforte Parent shall request in writing and subject to certain other indemnities, the Agent will withdraw from the Tresforte Disposal Proceeds Account the following amounts in the following order provided that no event of default has occurred which is continuing:

(a) *firstly*, any unpaid costs and expenses owed and due and payable to the Tresforte Finance Parties by the Tresforte Obligors under the Tresforte Finance Documents;

(b) *secondly*, in or towards payment of all accrued interest and fees due but unpaid by the Tresforte Obligors under the Tresforte Finance Documents;

(c) *thirdly*, payment of the Tresforte Loan, to the extent due and payable;

(d) *fourthly*, all or part of the other secured obligations under the Tresforte Loan due and payable; and

(e) *fifthly*, any surplus, after all or part of the secured obligations under the Tresforte Loan due and payable have been irrevocably paid or discharged in full, to be paid in into the relevant Tresforte General Account,

If there is a breach of certain financial covenants or an event of default is outstanding, then any amounts standing to the credit of the Tresforte Disposal Proceeds Account will be applied in accordance with the items set out above and any remaining monies will be retained in the Tresforte Disposal Proceeds Account or expended on the Tresforte Properties or otherwise at the Tresforte Lender's discretion in accordance with the Tresforte business plan or applied in discharge of any of the Tresforte secured obligations then due and payable.

The Agent will withdraw from the Tresforte Disposal Proceeds Account such amount of Tresforte Disposal Proceeds as is required to pay costs, fees and expenses (together with applicable VAT and other taxes payable) in each case as approved in writing by the Tresforte Lenders.

Distributions from the Tresforte Service Charge Accounts. All proceeds from rental income paid by way of reimbursement, or contributed by a tenant under a lease agreement in respect of management, maintenance and repair or similar obligations of, expenses incurred by or on behalf of, a Tresforte Obligor for a breach of covenant where such amount is or is to be applied by that Tresforte Obligor in remedying such breach or discharging such expenses, any contribution to a sinking fund incurred by a tenant and any amount in respect of VAT payable on any sum mentioned above must be paid into the Tresforte Rental Income Accounts and is subsequently transferred to the Tresforte Service Charge Account on each Tresforte Loan Interest Payment Date. The Tresforte Property Manager has sole signing rights over the Tresforte Service Charge Account provided that, if a default is continuing, the Agent will have sole signing rights over the Tresforte Service Charge Account.

Proceeds on deposit in the Tresforte Service Charge Account may be withdrawn by the Tresforte Property Manager to be applied towards (i) paying fees, costs and expenses incurred by the relevant Tresforte Obligor in relation to the management of the relevant Tresforte Properties (ii) any sum paid for breach of covenant under the relevant lease agreement where such sum is to be applied remedying such breach (iii) any contribution to a sinking fund paid by, or receivables from a tenant of any Tresforte Property, provided that the relevant Tresforte Obligor or the Tresforte Managing Agent arranges a sub-ledger in the Tresforte Service Charge Account in respect of such existing fund monies (iv) insurance premiums for insuring any Tresforte Property (v) any sum in respect of unpaid service charge from any security deposit (and interest thereon) properly drawn by the Tresforte Managing Agent or that Tresforte Borrower, and (vi) any VAT payable on rental income received by the Tresforte Obligors.

Distributions from the Tresforte Insurance Account. Within 120 days of receipt of an amount to the Tresforte Insurance Proceeds Account, the Tresforte Parent may direct the Agent to withdraw from the Insurance Proceeds Account such amount or amounts as are properly required to re-instate the relevant Tresforte Property in accordance with the Tresforte Loan, the relevant lease agreement and the relevant insurance police. The Agent will have sole signing rights in relation to the Tresforte Insurance Proceeds Account.

If the Tresforte Parent fails to make such direction, the Agent may do so on its own initiative or the Agent may apply such proceeds in prepayment of the Tresforte Loan.

Distributions from the Tresforte General Accounts. Withdrawals from the Tresforte General Accounts, subject to there being no event of default continuing under the Tresforte Loan Agreement, may be made by the Tresforte Parent for any purpose.

Each Tresforte Borrower will have signing rights on the relevant Tresforte General Account provided that the Agent will have sole signing rights if a default is continuing.

Distributions from the Tresforte Reserve Account. The Tresforte Parent shall ensure that amounts are transferred from the Tresforte Reserve Account to the Tresforte Rental Income Account at the times and in the amounts and otherwise in accordance with the rental guarantee granted by Leyduin Vastgoed B.V., being one of the sellers of the Tresforte Properties.

(ii) The Lightning Dutch Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 66,300,000	€ 66,300,000	–
Cut-Off Date Principal Balance	€ 66,300,000	€ 66,300,000	–
Projected Balance at Maturity(1)	€ 66,300,000	€ 66,300,000	–

Undrawn Capex/TI Facility	–
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	09-Aug-2006
First Interest Payment Date	15-Oct-2006
Loan Maturity Date	15-Oct- 2011
Remaining Term	4.8 yrs
Extension Option(s)	2 year extension option available
Loan Interest Type	Fixed
Loan Coupon(2)	4.7%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Cstone3 Capelle Aan De Ijssel (Holland) BV, Cstone3 Levsden (Holland) BV, Cstone3 Rotterdam (Holland) BV, Cstone Vtrecht (Holland) BV
Borrower Location	The Netherlands
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Office
No. of Properties	5
Property Location	The Netherlands
Year Built / Renovated	1986 - 2001
Tenure	Freehold/Leasehold
Property /Asset Manager	DTZ Zodelhof Vastgoed Management B.V.
Net Lettable Area (sqm)	55,591
Total Gross Rental Income p.a.	€ 7,717,021
Total Net Rental Income p.a.	€ 7,075,524
ERV	€ 7,046,216
Occupancy (as % of Net Lettable Area)	97.2%
Appraised Market Value	€ 88,400,000
Date of Valuation	Between 01-May-2006 & 26-May-2006
Valuer	JLL
VPV	€ 63,930,000
Purchase Price	€ 108,518,044
Number of Unique Commercial Tenants	26
Number of Commercial Leases	30
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	3.9 yrs
% of Investment Grade Income(4)	57.2%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR(6)	2.22x	1.79x	2.22x	1.79x
DSCR(6)	2.22x	1.79x	2.22x	1.79x
LTV(5)(6)	75.0%	75.0%	75.0%	75.0%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Lightning Dutch Loan was made pursuant to a loan agreement dated 1 August 2006 which was entered into, *inter alios*, between Lehman Brothers Europe Limited (in its capacity as "**Lightning Dutch Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Lightning Dutch Facility Agent**" and "**Lightning Dutch Security Trustee**"), Lehman

Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Lightning Dutch Original Lender**"), the Lightning Dutch Obligors and certain guarantors as further defined in such credit agreement (the "**Lightning Dutch Loan Agreement**"). The Lightning Dutch Loan is governed by English law.

The Lightning Dutch Obligors. Each Lightning Dutch Obligor is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its statutory seat and registered office in The Netherlands. Each Lightning Dutch Obligor (other than Lightning Dutch Holdco) is (indirectly) owned and controlled by Cstone3 Netherlands Properties (Holland) B.V. ("**Lightning Dutch Holdco**") which is wholly-owned and controlled by Crownstone Luxembourg S.á.r.l. ("**Crownstone**"). After entering into the Lightning Dutch Loan, each Lightning Dutch Propco merged into the relevant Lightning Dutch Obligor. Such mergers have been concluded and became effective on 10 February 2007.

The Lightning Dutch Properties. The Lightning Dutch Loan is secured by five commercial properties located in The Netherlands, details of which are set out in the table below (the "**Lightning Dutch Properties**" and each a " **Lightning Dutch Property**"). The Lightning Dutch PropCos own the Lightning Dutch Properties.

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
Leusden	Mixed Use	Freehold	27,700,000	2,399,495	22,715	Sports Business Center Holding B.V.	4.6
Utrecht	Office	Leasehold	27,300,000	1,906,068	11,620	Multiple	3.6
Eudokiaplein	Mixed Use	Freehold	20,700,000	1,132,007	10,417	Multiple	3.2
Capelle	Office	Freehold	8,500,000	1,258,590	8,250	Koninklijke PTT Nederland (KPN) NV	1.3
Oude Maasweg	Office	Leasehold	4,200,000	379,364	2,589	Multiple	11.4
Total			**88,400,000**	**7,075,524**	**55,591**		**3.9**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Lightning Dutch Loan is secured by (such security interest together, the "**Lightning Dutch Security Interests**") first ranking mortgages (*hypotheken*) over the Lightning Dutch Property. In addition, each Lightning Dutch Obligor has pledged in favour of the Security Agent under the Lightning Dutch Loan (to the extent relevant) all rental income, leases, insurance policies, and has granted pledges over each of the Lightning Dutch Obligors' accounts listed below (see "*The Lightning Dutch Obligors' Accounts*" below). Finally, each Lightning Dutch Obligor has undertaken to pay any amounts due under the Lightning Dutch Loan which the other Lightning Dutch Obligor does not pay. To support this undertaking each Lightning Dutch Obligor is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. First ranking rights of pledge have been granted in respect of the shares in each of the Lightning Dutch Obligors (other than Lightning Dutch Holdco) pursuant to Dutch law share pledge agreements.

Insurance under the Lightning Dutch Loan Agreement. The Lightning Dutch Obligors are obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Lightning Dutch Properties on a full reinstatement basis (including not less than three years loss of rent in respect of all occupational leases of each Lightning Dutch Property), third party liability insurance, (to the extent available) insurance against acts of terrorism in an insured sum per claim equal to the reinstatement value (including not less than three years loss of rent in respect of all occupational leases of each Lightning Dutch Property) and such other insurances that, in the opinion of the relevant obligors ought to be covered. Save in respect of the third party liability insurance, the obligors must ensure that (i) the Security Agent under the Lightning Dutch Loan is named in the relevant policies as co-insured, or (ii) the interests of the Security Agent under the Lightning Dutch Loan are endorsed or otherwise noted on the relevant policies. Following the occurrence of an event of default under the Lightning Dutch Loan and for so long as the same is outstanding, the proceeds of any insurance policy must, if the Security Agent under the Lightning Dutch Loan so requires, be used to prepay the Lightning Dutch Loan.

Property Management. The Lightning Dutch Properties are managed by DTZ Zadelhoff, as Property Manager.

Repayment. The Lightning Dutch Loan does not provide for amortisation and is to be repaid in full (including all other amounts outstanding) on 15 October 2011, subject to a two-year extension option.

Prepayment. The Lightning Dutch Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and any prepayment fee.

Mandatory prepayments must be made upon any illegality, certain disposals of a Lightning Dutch Property, and when the LTV exceeds 80per cent.. In addition, following the occurrence of an event of default under the Lightning Dutch Loan and for so long as the same is outstanding, the proceeds of any insurance policy must, if the Security Agent under the Lightning Dutch Loan so requires, be used to prepay the Lightning Dutch Loan.

Financial covenant. The Lightning Dutch Loan requires a minimum "**Lightning Dutch Interest Cover**", namely that the Lightning Dutch Obligors must ensure that at all times, the lesser of (i) the quarterly rental as a percentage of the quarterly finance costs on that date and (ii) the projected annual rental as a percentage of projected annual finance costs, is not less than 110per cent.. Testing of such covenant takes place on each quarter date. A breach of the Lightning Dutch Interest Cover Ratio, to the extent not cured in accordance with the terms of the Lightning Dutch Facility Agreement, constitutes an event of default.

The Lightning Dutch Obligors' accounts. The following Lightning Dutch Obligors have opened the following accounts:

(a) Lightning Dutch HoldCo:

(i) a current account designated as a sales account (the "**Lightning Dutch Sales Account**");

(ii) a current account designated as a expense account (the "**Lightning Dutch Expense Account**");

(iii) four current account designated as a rent accounts for each Lightning Dutch Obligor (the "**Lightning Dutch Rent Accounts**");

(iv) a current account designated as a tenant deposit account (the "**Lightning Dutch Tenant Deposit Account**");

(v) a general account (the "**Lightning Dutch General Account**")

(b) each Lightning Dutch PropCo, a current account designated as an expense account (the "**Lightning Dutch PropCo Expense Account**"),

together referred to as the "**Lightning Dutch Obligors' Accounts**".

Distributions from Lightning Dutch Sales Account. All net disposal proceeds from the sale of a Lightning Dutch Obligor's interest in a Lightning Dutch Property (direct or indirect, by way of a disposal of the shares in a Lightning Dutch Obligor) must be paid directly into the Lightning Dutch Sales Account. The Facility Agent under the Lightning Dutch Loan has sole signing rights over the Lightning Dutch Sales Account.

Prior to acceleration of the Lightning Dutch Loan, the Facility Agent under the Lightning Dutch Loan must, on each Interest Payment Date, withdraw from and apply all amounts standing to the credit of the Lightning Dutch Sales Account in the following order:

(a) *firstly*, in or towards payment to the relevant Finance Parties of loans being prepaid and cancelled in accordance with the Lightning Dutch Loan Agreement; and

(b) *secondly*, in payment of the surplus (if any) into the Lightning Dutch Rent Account of the applicable Lightning Dutch Obligor.

Distributions from the Lightning Dutch Rent Accounts. All amounts representing rental income, other moneys paid or payable in respect of occupation and/or usage of the Lightning Dutch Property, insurance proceeds and all other amounts which are required by the Lightning Dutch Loan Agreement to be paid into such accounts, must be paid directly into the Lightning Dutch Rent Account of the applicable Lightning Dutch Obligor. The Facility Agent under the Lightning Dutch Loan has sole signing rights over each of the Lightning Dutch Rent Accounts.

Prior to acceleration of the Lightning Dutch Loan, the Facility Agent under the Lightning Dutch Loan must, on each Interest Payment Date, withdraw from and apply all amounts standing to the credit of each Lightning Dutch Rent Account in the following order:

(a) *firstly*, in payment of the amounts required to be transferred to the Lightning Dutch Expense Account, in order to ensure that, following such transfer the positive balance of the Lightning Dutch Expense Account will be equal to the expenses budget for the Interest Period which will commence on that Interest Payment Date;

(b) *secondly*, in or towards payment pro rata of any unpaid costs and expenses of the Facility Agent or the Security Trustee due but unpaid under or pursuant to the Lightning Dutch Loan Agreement;

(c) *thirdly*, in or towards payment of any accrued interest due but unpaid in respect of the debt under the Lightning Dutch Loan Agreement;

(d) *fourthly*, in or towards payment of any principal due but unpaid in respect of the debt under the Lightning Dutch Loan Agreement;

(e) *fifthly*, in certain circumstances, an amount in respect of the Capelle Reserve Ledger (as defined in the Lightning Dutch Loan Agreement);

(f) *sixthly*, in certain circumstances, an amount in respect of the Leusden Reserve Ledger (as defined in the Lightning Dutch Loan Agreement);

(g) *seventhly*, if the Lightning Dutch Interest Cover is not less than 125 per cent. (as evidenced by a certificate received by the relevant Facility Agent) and no default under the Lightning Dutch Loan Agreement is continuing, any surplus is to be paid into the Lightning Dutch General Account.

Distributions from the Lightning Dutch Expense Account and the Lightning Dutch PropCo Expense Accounts. Lightning Dutch HoldCo and/or the managing agent of the Lightning Dutch Properties will have signing rights over the Lightning Dutch Expense Account. The applicable Lightning Dutch PropCo and/or the managing agent of the Lightning Dutch Properties will have signing rights over the relevant Lightning Dutch PropCo Expense Account.

Prior to acceleration of the Lightning Dutch Loan, the relevant Lightning Dutch Obligors will procure that (i) the amounts standing to the credit of the Lightning Dutch Expense Account are applied in or towards payment of any costs expenses, liabilities and charges incurred by or on behalf of the Lightning Dutch PropCos in connection with the Lightning Dutch Properties, or are applied to the credit of any Lightning Dutch PropCo Expense Account and are not used for any other purpose, and (ii) the amounts standing to the credit of any Lightning Dutch Expense Account are applied in or towards payment of any costs expenses, liabilities and charges incurred by or on behalf of the Lightning Dutch PropCos and are not used for any other purpose.

Distributions from the Lightning Dutch General Account. Lightning Dutch HoldCo will have sole signing rights over the Lightning Dutch General Account. Any amount received by any Lightning Dutch Obligor other than any amount specifically required under the Lightning Dutch Loan Agreement to be paid into any other Lightning Dutch Obligor's Account, is paid into the Lightning Dutch General Account.

Prior to acceleration of the Lightning Dutch Loan, Crownstone must, on each Interest Payment Date, withdraw from and apply all amounts standing to the credit of the Lightning Dutch General Account in the following order:

(a) *firstly*, in or towards payment of any accrued interest due but unpaid in respect of the debt under the mezzanine facility agreement in relation to Lightning Dutch Loan Agreement (the "**Lightning Dutch Mezzanine Loan Agreement**");

(b) *secondly*, in or towards payment or re-imbursement of amounts due in relation to any amount paid to remedy an Event of Default under the Lightning Dutch Loan Agreement and/or the Lightning Dutch Mezzanine Loan Agreement;

(c) *thirdly*, in or towards payment to the mezzanine Agent for application towards payment of any principal, fees and other amounts due but unpaid in respect of the debt under the Lightning Dutch Mezzanine Loan Agreement;

(d) *fourthly*, in or towards any interest due but unpaid in respect of intercompany debt;

(e) *fifthly*, after all debt under the Lightning Dutch Mezzanine Loan Agreement has been fully discharged, in or towards payment of any principal, fees and other amounts due but unpaid in respect of intercompany debt; and

(f) *sixthly*, in payment of the surplus (if any) to the relevant Lightning Dutch Obligor or other person entitled thereto.

Distributions following acceleration of the Lighting Dutch Loan Agreement. After acceleration of the Lightning Dutch Loan, the proceeds of enforcement of the Lightning Dutch Security Interests and all other amounts paid to the Security Trustee, shall be applied in the following order:

(a) *firstly*, in or towards payment of any unpaid fees, costs, expenses and liabilities of the Security Agent under the Lightning Dutch Loan in connection with carrying out its duties or exercising powers or discretions under the relevant security documents;

(b) *secondly*, in or towards payment to the Facility Agent under the Lightning Dutch Loan Agreement for application in or towards any unpaid costs and expenses incurred by or on behalf of any Finance Party in connection with such enforcement, recovery or other payment;

(c) *thirdly*, in or towards payment to the Facility Agent under the Lightning Dutch Loan Agreement for application towards the balance of the debt under the Lightning Dutch Loan Agreement;

(d) *fourthly*, after all debt under the Lightning Dutch Loan Agreement has been fully discharged, in or towards payment to the Facility Agent under the Lightning Dutch Mezzanine Loan Agreement for application towards any unpaid costs and expenses incurred by or on behalf of any Finance Party under the Lightning Dutch Mezzanine Loan Agreement in connection with such enforcement, recovery or other payment;

(e) *fifthly*, after all debt under the Lightning Dutch Loan Agreement has been fully discharged, in or towards payment to the Facility Agent under the Lightning Dutch Mezzanine Loan Agreement for application towards the balance of the debt under the Lightning Dutch Mezzanine Loan Agreement and re-imbursement of amounts due in relation to any amount paid to remedy an Event of Default;

(f) *sixthly*, after all debt under the Lightning Dutch Mezzanine Loan Agreement has been fully discharged, in or towards payment of the balance of the intercompany debt; and

(g) *seventhly*, after all debt under the Lightning Dutch Loan Agreement and the Lightning Dutch Mezzanine Loan Agreement has been fully discharged, in payment of the surplus (if any) to the relevant Lightning Dutch Obligor or other person entitled thereto.

The Swiss Secured Loans

(i) The Corvatsch Secured Whole Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 60,553,676	€ 60,553,676	–
Cut-Off Date Principal Balance	€ 60,553,676	€ 60,553,676	–
Projected Balance at Maturity(1)	€ 57,033,993	€ 57,033,993	–

Undrawn Capex/TI Facility	€ 3,075,977
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	27-Oct-2006
First Interest Payment Date	15-Jan-2007
Loan Maturity Date	15-Oct-2011
Remaining Term	4.8 yrs
Extension Option(s)	1 year extension option available
Loan Interest Type	Fixed
Loan Coupon(2)	3.7%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Rosetabor I - XII SA and Rosetabor Sarl & Partners SCS
Borrower Location	Switzerland
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Mixed Use
No. of Properties	12
Property Location	Switzerland
Year Built / Renovated	1949 - 1999
Tenure	Freehold
Property /Asset Manager	REINVEST SA
Net Lettable Area (sqm)	90,066
Total Gross Rental Income p.a.	€ 5,625,481
Total Net Rental Income p.a.	€ 4,555,797
ERV	€ 6,956,564
Occupancy (as % of Net Lettable Area)	70.2%
Appraised Market Value	€ 70,617,041
Date of Valuation	28-Jul-2006
Valuer	Peregrin
VPV	n/a
Purchase Price	€ 62,442,325
Number of Unique Commercial Tenants	454
Number of Commercial Leases	876
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	2.2 yrs
% of Investment Grade Income(4)	47.4%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR(6)	2.00x	2.20x	2.00x	2.20x
DSCR(6)	1.18x	1.48x	1.18x	1.48x
LTV(5)(6)	85.7%	80.8%	85.7%	80.8%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Corvatsch Secured Whole Loan was made pursuant to a loan agreement dated 6 September 2006 as amended on 20 February 2007 and as further amended from time to including

by an Amendment to the Loan Agreement, a Security Agreement and an Assignment Agreement each dated 2 April 2007, entered into, *inter alios*, between Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Corvatsch Original Lender**") and the Corvatsch Borrowers (the "**Corvatsch Secured Loan Agreement**"). The Corvatsch Secured Whole Loan is governed by Swiss law.

The Corvatsch Borrowers. Each Corvatsch Borrower is a private limited liability company (*Aktiengesellschaft*) registered in Switzerland. Each Corvatsch Borrower is a wholly owned subsidiary of Rosetabor Sarl & Partners SCS, a "*Société en Commandite Simple*", registered under the laws of Luxemburg (the "**Corvatsch Parent**").

The Corvatsch Properties. The Corvatsch Secured Whole Loan is secured by 12 commercial properties located in Switzerland, details of which are set out in the table below (the "**Corvatsch Properties**" and each a "**Corvatsch Property**"). The Corvatsch Borrowers own the Corvatsch Properties. In case that a Corvatsch Property secures an amount due by a Corvatsch Borrower other than the owner of the respective Corvatsch Property, such security will be limited, as a matter of Swiss corporate law, to such Corvatsch Borrower's freely distributable capital (i.e. gain and distributable reserves).

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
B020	Mixed Use	Freehold	24,297,139	1,550,416	33,107	Multiple	1.5
B074	Mixed Use	Freehold	11,274,070	544,082	20,424	Multiple	2.6
B038a	Office	Freehold	10,819,440	786,370	11,181	Multiple	2.5
B028	Office	Freehold	5,069,209	390,970	3,432	Multiple	4.0
B038b	Industrial	Freehold	3,287,604	254,404	4,077	Multiple	1.3
B118a/b	Mixed Use	Freehold	2,848,354	183,477	1,522	Multiple	4.7
B080	Mixed Use	Freehold	2,841,587	74,231	2,358	Multiple	0.5
B038c	Office	Freehold	2,741,926	363,787	3,135	Multiple	2.7
B075	Mixed Use	Freehold	2,383,882	111,412	6,104	Multiple	3.3
B119	Mixed Use	Freehold	2,014,765	68,628	1,107	Multiple	0.5
Remaining properties	Office	Freehold	3,039,065	228,019	3,619	Multiple	0.5
Total			**70,617,041**	**4,555,797**	**90,066**		**2.2**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Corvatsch Secured Whole Loan is secured by bearer mortgage notes (*Inhaberschuldbriefe*) encumbering each of the Corvatsch Properties. The security interest created over the respective Corvatsch Property secures the obligations of the respective Corvatsch Borrower owning such Corvatsch Property under the Corvatsch Secured Whole Loan and, to the extent legally possible, the obligations of the other Corvatsch Borrowers under the Corvatsch Secured Whole Loan Agreement. Such cross collateralisation is limited to the respective Corvatsch Borrower's freely distributable capital (reserves and capital gain) and may be further reduced by taxes on income or gain and/or withholdings and distributions of the individual Corvatsch Borrower.

In addition, each Corvatsch Borrower has pledged all rental income, leases and each of the Corvatsch Borrowers' accounts listed below (see "*The Corvatsch Borrowers' Accounts*" below). Finally, each Corvatsch Borrower has undertaken to pay any amounts due under the Corvatsch Secured Whole Loan which the other Corvatsch Borrower does not pay. However, the obligation of a Corvatsch Borrower to pay any amounts due by another Corvatsch Borrower is limited, as a matter of Swiss corporate law, to each Corvatsch Borrower's to each Corvatsch Borrower's freely distributable capital (reserves and capital gain) and may be further reduced by taxes on income or gain and/or withholdings and distributions of the individual Corvatsch Borrower. To support this

undertaking each Corvatsch Borrower is prohibited from granting any security over their assets or incurring any debt or carrying on any activities, other than in tightly controlled circumstances. Share security has been granted in respect of the shares in the Corvatsch Borrowers pursuant to a Swiss law share pledge agreement in relation to the shares held by the Corvatsch Parent.

Insurance under the Corvatsch Secured Loan Agreement. Under the Corvatsch Secured Whole Loan Agreement, the Corvatsch Borrowers are obliged to maintain insurance with a substantial and reputable insurance office and/or with government-owned or sponsored insurances having a requisite rating in respect of the Corvatsch Properties (including any fixtures installed or improvements made therein by a lessee) . The insurance must cover, amongst other risks, liability to third persons, physical damage to or destruction of each Corvatsch Property, terrorism (all in accordance with customary and prudent business practise in Switzerland). The lender under the Corvatsch Secured Whole Loan must be mentioned in such insurance policy as a co-insured person.

The Corvatsch Borrowers must also maintain insurance providing indemnity for the loss of rental income for a period of 36 months from the occurrence of any event entitling a Corvatsch Borrower to claim such indemnity. Any such insurance policies must include a term whereby proceeds of any claim are payable directly to the Insurances Proceeds Account, the balance of which is pledged to secure the Swiss Secured Loan.

Property Management. The Corvatsch Properties are managed by REInvest SA, registered under Swiss law (the "**Corvatsch Property Manager**"). REInvest SA also acts as asset manager with regard to further organizational matters in connection with the management of the Corvatsch Properties (the "**Corvatsch Asset Manager**" and, together with the Corvatsch Property Manager, the "**Corvatsch Manager**"). Each of the Corvatsch Borrowers appointed the Corvatsch Property Manager under a property management agreement (the "**Corvatsch Property Management Agreement**") and the Corvatsch Asset Manager under an asset management agreement (the "**Asset Management Agreement**" and, together with the Corvatsch Property Management Agreement, the "**Corvatsch Management Agreements**"). Additionally, the Corvatsch Managers, each of the Corvatsch Borrowers and the lender under the Corvatsch Secured Whole Loan also entered into a duty of care agreement (the "**Corvatsch Duty of Care Agreement**"). Pursuant to the Corvatsch Secured Whole Loan Agreement, the Corvatsch Management Agreements must be satisfactory to the relevant lender under the Corvatsch Secured Whole Loan and may not be terminated or amended by the Corvatsch Borrowers without the consent of such lender. If the Corvatsch Managers breach an obligation under a Corvatsch Management Agreement the lender under the Corvatsch Secured Whole Loan may require the Corvatsch Borrowers to terminate the Corvatsch Management Agreements and to appoint a new property and/or asset manager if the breach has not been remedied within a certain specified period of time. In accordance with the Corvatsch Duty of Care Agreement, the lender under the Corvatsch Secured Whole Loan may assert all rights and claims under the Corvatsch Management Agreements *vis-à-vis* the Corvatsch Manager.

Maturity. The Corvatsch Secured Whole Loan matures on 15 October 2011, subject to an Extension Period of 2 years.

Repayment. Subject to (i) the aggregate appraised values of the Corvatsch Properties increasing by at least 3 per cent. in the three years following the Closing Date and (ii) the interest cover ratio being at least 170 per cent., the Corvatsch Secured Whole Loan provides for amortisation as follows:

(a) for the period starting as of the first day of the sixth collection period (being 1 October 2007) and ending as of the last day of the eighth collection period (being 30 June 2008), the Corvatsch Borrowers shall repay quarterly on each Corvatsch Secured Loan Interest Payment Date an amount equal to 0.75 per cent. (*per annum pro rata*) of the Corvatsch Acquisition Loan Amount plus any amount outstanding under any Corvatsch Capex Advance at such time;

(b) for the period starting the day after the last day of the eighth collection period (being 1 July 2008) and ending on the final maturity date (being 15 October 2011), the Corvatsch Borrowers shall repay quarterly on each Corvatsch Secured Loan Interest Payment Date an

amount equal to 1.75 per cent. (*per annum pro rata*) of the Acquisition Loan Amount plus any amount outstanding under any Corvatsch Capex Advance at such time;

(c) the outstanding principal amount of the Corvatsch Secured Whole Loan is to be repaid in full (including all other amounts outstanding) on 15 October 2011.

"Corvatsch Secured Loan Interest Payment Date" means 15 January, 15 April, 15 July and 15 October (or, if such day is not a Business Day, then the next succeeding Business Day). Interest periods in relation to the Corvatsch Secured Whole Loan start on each Corvatsch Secured Loan Interest Payment Date and end on the day prior to the next following Corvatsch Secured Loan Interest Payment Date.

Prepayment. The Corvatsch Secured Whole Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest, all Swiss Franc LIBOR breakage costs (if any) incurred by the lender under the Corvatsch Secured Whole Loan and the margin lost and any prepayment fee.

Mandatory prepayments must be made upon any disposal, including a compulsory purchase of any Corvatsch Property. Such disposal is subject to the lender under the Corvatsch Secured Whole Loan prior written consent if (i) the relevant Corvatsch Borrower has not given five Business Days notice to the lender under the Corvatsch Secured Whole Loan, or (ii) a breach of Ratios Conditions or a default under the Corvatsch Secured Loan Agreement would result from the disposal of the relevant Corvatsch Property, or (iii) the sales price is lower than the Release Price, the prepayment fee and any other fees to be paid to the lender under the Corvatsch Secured Whole Loan as a consequence of such disposal. A mandatory prepayment must also be made in relation to insurance proceeds if a Corvatsch Property has been destroyed or materially damaged unless such proceeds will be used to reinvest in a property of at least equal character or condition.

For the purpose of the Corvatsch Secured Whole Loan, "**Ratios Condition**" will be satisfied if, during the entire term of the Loan, the Interest Coverage Ratio is at least 120 per cent., the Debt Service Coverage Ratio is at least 105 per cent. and the Loan to Value Ratio is not greater than 90.0 per cent., it being agreed and understood that any of the Ratios Conditions shall be applied on the aggregate of all Properties, rental income, interest payments, etc.

Financial covenants. The Corvatsch Secured Whole Loan requires a minimum "**Corvatsch Interest Cover Ratio**", namely that the Corvatsch Borrowers must ensure that, on each of the first Business Day of January, April, July and October the aggregate Net Cash Flow (i.e. the Net Rental Income minus the sum of Permitted Operation Expenses) expected to be received by the Corvatsch Borrowers for the next 12 months is not less than 120 per cent. of the interest on the Corvatsch Secured Whole Loan to be paid by the Corvatsch Borrowers during the next 12 months. A breach of the Corvatsch Interest Cover Ratio, occurring either (i) on consecutive quarters or (ii) any four quarters, constitutes an event of default enabling the relevant Agent to accelerate the Corvatsch Secured Whole Loan.

The Corvatsch Secured Whole Loan also requires a minimum "**Corvatsch Debt Cover Ratio**", namely that the Corvatsch Borrowers must ensure that, on each of 1 January, 1 April, 1 July and 1 October the aggregate Net Cash Flow expected to be received by the Corvatsch Borrowers for the next 12 months is not less than 105 per cent. of aggregate of (i) the interest on the Corvatsch Secured Whole Loan and (ii) the scheduled amortisation payments to be paid by the Corvatsch Borrowers during the next 12 months. A breach of the Corvatsch Debt Cover Ratio, occurring either (i) on consecutive quarters or (ii) any four quarters, constitutes an event of default enabling the relevant Agent to accelerate the Corvatsch Secured Whole Loan.

"**Net Rental Income**" means all rental income except: (a) any amount paid to a Corvatsch Borrower by a tenant or other occupant of a Corvatsch Property as a contribution to a sinking fund for the maintenance of the relevant Corvatsch Property; (b) any amount paid to a Corvatsch Borrower as a security deposit; and (c) any value-added taxes or similar taxes imposed on Rent or any of the items listed in sub clauses (a) and (b) of this definition and "**Permitted Operation Expenses**" means the aggregate of (a) the operating costs of the Corvatsch Properties as shown in

then current budget, including without limitation any rent due under a lease granting a leasehold interest (*Baurecht*) in a Corvatsch Property to a Corvatsch Borrower, property taxes, insurance fees, (b) the third party management costs of the Corvatsch Borrowers under the Corvatsch Management Agreements as shown in the then current budget (excluding any asset management fees to any entity of the Borrowers' group) in an aggregate amount not to exceed the amount specified in the then current budget for fiscal year and (c) except when determining Net Cash Flow, all amounts payable by the Borrowers under the Loan Agreement and "**Net Cash Flow"** means the result of (a) the net rental income received or expected to be received in accordance with the budget for such specified period (b) the sum of the permitted operating expenses in accordance with the applicable budget.

Further, the Corvatsch Secured Whole Loan requires a minimum "**Corvatsch Loan to Value Ratio**", namely that the Corvatsch Borrowers must ensure that, on each of 1 January, 1 April, 1 July and 1 October the outstanding principal amount of the Corvatsch Secured Whole Loan, reduced by the amount of any repayment of principal to be paid on the Corvatsch Secured Loan Interest Payment Date immediately following such date is not higher than 90 per cent. of the aggregate of the lower of the appraised values of each Corvatsch Property, shown in the Appraisal Report delivered on the Closing Date or any appraisal report prepared thereafter. A breach of the Corvatsch Secured Whole Loan to Value Ratio result is a Cash Trap Triggering Event.

The Corvatsch Borrowers' Accounts. Each of the Corvatsch Borrowers has opened the following accounts:

(a) a deposit account designated as a rent account (the "**Corvatsch Rent Account**"); and

(b) a deposit account designated as a collection account (the "**Corvatsch Collection Account**");

(c) a deposit account designated as a disposal proceeds account (the "**Corvatsch Disposal Proceeds Account**");

(d) a deposit account designated as a insurance proceeds account (the "**Corvatsch Insurance Proceeds Account**"),

together referred to as the "**Corvatsch Borrowers' Accounts**".

In addition, the Corvatsch Parent has opened a deposit account designated as a disposal proceeds account (the "**Corvatsch Parent Disposal Proceeds Account**").

Each of the Corvatsch Rent Accounts, Corvatsch Collection Accounts, Corvatsch Disposal Proceeds Accounts and the Corvatsch Insurance Proceeds Accounts (as well as the Corvatsch Parent Disposal Proceeds Account) are subject to a pledge governed by Swiss law. The relevant account bank has waived its priority rights under the general terms and conditions in this instance.

Distributions from the Corvatsch Rent Accounts. All amounts representing Rent must be paid into the Corvatsch Rent Accounts. "**Rent**" means: (a) rent payable and any amount payable in respect of the occupation or use of a Corvatsch Property, including any amount payable by any guarantor of a tenant's obligations under a lease contract; (b) any part of a deposit or guarantee (*Garantie und Bürgschaft*) securing the performance of a tenant's obligations to which a Corvatsch Borrower is entitled; (c) any amount representing any apportionment of rent allowed in favour of a Corvatsch Borrower under the contract for the purchase of a Corvatsch Property; (d) any damages, compensation, settlement or expense for loss of rent or for interest on rent awarded or agreed to be payable as a result of any claim or proceedings to recover the same (less any unreimbursed fees and expenses incurred in connection therewith); (e) any insurance proceeds representing indemnity for any loss of rent or interest on any loss of rent; (f) any interest payable on any damages, compensation or settlement in respect of any amount specified in subclauses (a) through (e) hereinabove; and (g) any amount due to a Corvatsch Borrower from a lessee or other occupant of a Corvatsch Property under a lease contract for (i) insurance premiums, (ii) the cost of insurance valuations, (iii) repairs or (iv) services provided to a lessee or other occupant of a Corvatsch

Property). Subject to an event of default under the Corvatsch Secured Loan Agreement (a "**Corvatsch Event of Default**") and subject to a Cash Trap Triggering Event or a Cash Sweep Triggering Event occurring, each of the Corvatsch Borrowers may appoint signatories and the Corvatsch Manager is granted a power of attorney with respect to the Corvatsch Rent Accounts.

A "**Cash Sweep Triggering Event**" occurs if the weighted average unexpired lease term, as determined by the lender under the Corvatsch Secured Whole Loan acting reasonably, is 1.5 years or less and a "**Cash Trap Triggering Event**" means the event which occurs on any date if either (i) the Interest Coverage Ratio falls below 124 per cent., or (ii) the Debt Coverage Ratio falls below 108 per cent., or (iii) the Loan to Value Ratio (based on the latest appraisal report) is above 90.0 per cent..

On each Corvatsch Secured Whole Loan Interest Payment Date each Corvatsch Borrower shall cause all amounts required to be paid by it under the Corvatsch Secured Whole Loan from the respective Corvatsch Rent Account to the lender under the Corvatsch Secured Whole Loan (and if the Corvatsch Borrowers fail to do so, than the lender under the Corvatsch Secured Whole Loan shall be permitted to cause such payments to be made).

Provided no event of default is continuing, the Corvatsch Borrowers may withdraw from the Corvatsch Rent Accounts such amount as it may properly determine for application in or towards the following items (and, if the credit balance in that Corvatsch Rent Account is insufficient to pay all those items in the following order):

(i) required payments of all superficies rent (*Baurechtszins*) and/or required payments to the condominium-principled ownership (*Stockwedeigentürmergemeinschaft*), if applicable;

(ii) any unpaid permitted operating expenses, including property tax, insurance and third party management fees, and capital expenditures specified;

(iii) on the 15th day of each month the threshold amount (being the sum of all payments to cover all accrued interest and fees and amortisation payments due and payable by the Corvatsch Borrowers to the lender under the Corvatsch Secured Whole Loan within the next interest period) to be paid to the Corvatsch Collection Account, but;

(iv) if a disposal payment or scheduled amortisation payment under the Corvatsch Secured Whole Loan Agreement is unpaid, all surplus amounts shall remain in the Corvatsch Rent Account being blocked (a "**Cash Trap Event**");

(v) if a Corvatsch Borrower is not in compliance with any of the Ratios Conditions, all surplus amounts shall be paid to the Corvatsch Collection Account; and

(vi) to be paid as the Corvatsch Borrower may direct in writing to be used by the Corvatsch Borrower for any purpose (including for the benefit of any other person) but otherwise to the operating accounts of the Corvatsch Borrower in Swiss Francs and Euro.

If there is a breach of the terms of the Corvatsch Secured Whole Loan Agreement or event of default which is continuing, then any amounts standing to the credit of the Corvatsch Rent Account may be applied by the Lender, in its sole discretion in payment of principal, interest, property maintenance, enhancement of the Corvatsch Properties, or other accrued and unpaid related costs.

Distributions from the Corvatsch Disposal Proceeds Accounts and the Corvatsch Parent Disposal Proceeds Account. All net disposal proceeds from the sale of a Corvatsch Borrower's or the Corvatsch Parent's interest in whole or in part of a Corvatsch Property or the shares in a Corvatsch Borrower must be paid into the Corvatsch Disposal Proceeds Accounts or the Corvatsch Parent Disposal Proceeds Account respectively. The lender under the Corvatsch Secured Whole Loan or any other person designated by it has sole signing rights over the Corvatsch Disposal Proceeds Accounts and the Corvatsch Parent Disposal Proceeds Account.

On each Corvatsch Secured Loan Interest Payment Date the lender under the Corvatsch Secured Whole Loan shall cause the immediate transfer from the Corvatsch Disposal Proceeds Account or the Corvatsch Parent Disposal Proceeds Account to an account specified by the Corvatsch Borrowers or the Corvatsch Parent respectively of an amount equal to the balance standing to the credit of the Corvatsch Disposal Proceeds Account or the Corvatsch Parent Disposal Proceeds Account, provided that each Corvatsch Borrower or the Corvatsch Parent has paid all amounts due under the Corvatsch Secured Whole Loan. Such amount due by each of the Corvatsch Borrowers includes the Disposal Amortisation Payment and all Release Prices due upon disposal of a Corvatsch Property.

"**Release Price**" means in each case, an amount equal to (i) in respect of the sale of a Corvatsch Property, the minimum price to be paid for that Property of 115 per cent. of the amount allocated under the Corvatsch Secured Whole Loan to such Corvatsch Property plus outstanding interest and interest accruing on that allocated amount until the next Corvatsch Secured Loan Interest Payment Date payable in respect of that allocated amount on the next Corvatsch Secured Loan Interest Payment Date following such sale; or (ii), in respect of the sale of shares of any Corvatsch Borrower sold by Luxco, the minimum purchase price to be paid for the shares plus the amount allocated under the Corvatsch Secured Whole Loan to be repaid to the lender under or in connection with the relevant share purchase agreement for the purchase of such shares of 115 per cent. of the allocated loan amount on the Corvatsch Property held by the relevant Corvatsch Borrower plus outstanding interest and interest accruing on that allocated loan amount until the next Corvatsch Secured Loan Interest Payment Date payable by the relevant Borrower on the next Corvatsch Secured Loan Interest Payment Date following such sale.

(ii) The Corviglia Secured Loan

Loan Information			
	Whole Loan	**A Note**	**B Note**
Original Loan Balance	€ 48,747,831	€ 48,747,831	–
Cut-Off Date Principal Balance	€ 48,486,280	€ 48,486,280	–
Projected Balance at Maturity(1)	€ 45,457,364	€ 45,457,364	–
Undrawn Capex/TI Facility			–
VAT Facility			–
Loan Purpose			Acquisition Facility
Funding Date			18-Apr-2006
First Interest Payment Date			15-Jul-2006
Loan Maturity Date			15-Apr-2011
Remaining Term			4.3 yrs
Extension Option(s)			1 year extension option available
Loan Interest Type			Fixed
Loan Coupon(2)			3.9%
Primary Loan Security			1st ranking mortgage
Borrower(s)			Durango Switzerland BV
Borrower Location			Switzerland
Amortisation			Amortising
Interest Calculation			Act/360

Property/Tenancy Information	
Single asset/Portfolio	Portfolio
Property Type	Mixed Use
No. of Properties	10
Property Location	Switzerland
Year Built / Renovated	1901 - 1999
Tenure	Freehold/Leasehold
Property /Asset Manager	SPG Intercity AG
Net Lettable Area (sqm)	50,685
Total Gross Rental Income p.a.	€ 4,191,577
Total Net Rental Income p.a.	€ 3,379,032
ERV	€ 4,461,614
Occupancy (as % of Net Lettable Area)	93.3%
Appraised Market Value	€ 58,017,225
Date of Valuation	01-Mar-2007
Valuer	Peregrin
VPV	n/a
Purchase Price	€ 53,060,597
Number of Unique Commercial Tenants	106
Number of Commercial Leases	387
Weighted Average Unexpired Lease Term to Break/Expiry(3)	4.9 yrs
% of Investment Grade Income(4)	69.5%

Financial Ratios				
	A Note		**Whole Loan**	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	1.76x	1.88x	1.76x	1.88x
DSCR(6)	1.48x	1.25x	1.48x	1.25x
LTV(5)(6)	83.6%	78.4%	83.6%	78.4%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Corviglia Secured Loan was made pursuant to a loan agreement dated 18 April 2006, as amended by a Amendment to the Loan Agreement dated 18 April 2006 and a Amendment Letter dated 21 February 2007 and a further Amendment to the Loan Agreement dated 12 March 2007 which was entered into, *inter alios*, between Lehman Commercial Paper Inc., United Kingdom

Branch (in its capacity as "**Corviglia Original Lender**") and the Corviglia Borrower (the "**Corviglia Secured Loan Agreement**"). The Corviglia Secured Loan is governed by Swiss law.

The Corviglia Borrower. The Corviglia Borrower is a private company with limited liability organised under the laws of the Netherlands, having its registered offices at Kabelweg 21, 1014BA Amsterdam, registered with the trade register under number 34237034. The Corviglia Borrower is a owned by Durango Investments B.V., a private company with limited liability under the laws of the Netherlands, having its place of business at 1014BA Amsterdam, Kabelweg 21, registered with the trade register under number 34235838 (20per cent.) and GTC Investments B.V. a private company with limited liability under the laws of the Netherlands, having its place of business at 1075BE Amsterdam, Prins Hendriklaan 52, registered with the trade register under number 34235838 (80per cent.) (the "**Corviglia Parents**").

The Corviglia Properties. The Corviglia Secured Loan is secured by 10 commercial properties located in Switzerland, details of which are set out in the table below (the "**Corviglia Properties**" and each a "**Corviglia Property**"). The Corviglia Borrower owns the freehold of the Corviglia Properties, except for the Bern Properties (B013a and B013b) on which the Corviglia Borrower owns a leasehold.

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
B068	Mixed Use	Freehold	12,366,656	716,590	11,524	Multiple	5.1
B025	Mixed Use	Freehold	10,900,646	629,370	7,622	Multiple	6.1
B013a	Mixed Use	Leasehold	8,674,961	445,185	10,532	Multiple	3.7
B055	Office	Freehold	5,615,503	389,041	4,586	Multiple	5.2
B019	Mixed Use	Freehold	5,472,778	364,528	5,935	Multiple	4.0
B116	Mixed Use	Freehold	4,931,406	243,534	3,780	Multiple	4.3
B103	Mixed Use	Freehold	4,143,956	255,759	2,219	Multiple	4.1
B062	Mixed Use	Freehold	2,811,443	171,517	2,206	Multiple	4.4
B013b	Mixed Use	Leasehold	1,614,181	48,942	756	Multiple	2.3
B039	Mixed Use	Freehold	1,485,697	114,567	1,525	Multiple	5.4
Total			**58,017,225**	**3,379,032**	**50,685**		**4.7**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Corviglia Secured Loan is secured by bearer mortgage notes (*Inhaberschuldbriefe*) encumbering each of the Corviglia Properties, except for a mortgage encumbering the Bern Properties in the amount of CHF 318,000. The security created over the Corviglia Properties is first ranking.

In addition, the Corviglia Borrower has pledged all rental income, leases and each of its accounts listed below (see "*The Corviglia Borrower's accounts*" below). Share security has been granted in respect of the shares in the Corviglia Borrower pursuant to a Dutch law share pledge agreement in relation to the shares held by the Corviglia Parents.

Insurance under the Corviglia Secured Loan Agreement. Under the Corviglia Secured Loan Agreement, the Corviglia Borrower is obliged to maintain insurance with a substantial and reputable insurance office and/or with government-owned or sponsored insurances having a requisite rating in respect of the Corviglia Properties (including any fixtures installed or improvements made therein by a Lessee). The insurance must cover, amongst other risks, liability to third persons, physical damage to or destruction of each Corviglia Property, (all in accordance with customary and prudent business practise in Switzerland). According to the Corviglia Secured Loan Agreement, the Corviglia Borrower undertakes to seek an insurance policy for loss resulting from acts of terrorism.

The lender under the Corviglia Secured Loan must be mentioned in such insurance policy as a co-insured person.

The Corviglia Borrower must also maintain insurance providing indemnity for the loss of rental income for a period of 12 months from the occurrence of any event entitling the Corviglia Borrower to claim such indemnity. The proceeds of any insurance claim must be applied – at the discretion of the Lender – either to the replacement or restoration of the relevant Corviglia Property or to the repayment of the Corviglia Secured Loan.

Property Management. The Corviglia Properties are managed by SPG Intercity Zurich, registered under Swiss law (the "**Corviglia Property Manager**"). The Corviglia Borrower appointed the Corviglia Property Manager under a property management agreement (the "**Corviglia Property Management Agreement**") dated 1 January 2007. According to the Corviglia Secured Loan Agreement, the Corviglia Property Management Agreement must be satisfactory to the lender under the Corviglia Secured Loan and the Corviglia Borrower may not appoint a new property manager without the lender's prior written consent. If the Corviglia Property Manager is in default under the Corviglia Management Agreement the lender under the Corviglia Secured Loan may require the Corviglia Borrower to use all reasonable efforts to terminate the Corviglia Property Management Agreement and to appoint a new property manager. As there is no duty of care agreement, the lender under Corvigila Secured Loan will not have any recourse against the Corviglia Property Manager. The Corviglia Property Manager, however, has no control over the Corviglia rental accounts.

Repayment. The Corviglia Secured Loan provides for repayment on 15 April 2011, subject to a one-year extension.

Prepayment. The Corviglia Secured Loan provides for mandatory prepayment. Mandatory prepayments must be made upon the sale of the relevant Corviglia Property. Such disposal is subject to the lender under the Corviglia Secured Loan prior written consent if (i) the Corviglia Borrower has not given five Business Days notice to the lender under the Corviglia Secured Loan, or (ii) a breach of Ratios Conditions or a default under the Corviglia Secured Loan Agreement would result from the disposal of the relevant Corviglia Property, or (iii) the sales price is lower than the Release Price, the Prepayment Fee and any other fees to be paid to the lender under the Corviglia Secured Loan as a consequence of such disposal. A mandatory prepayment must also be made in relation to insurance proceeds if a Corviglia Property has been destroyed or materially damaged unless – at the option of the lender under the Corviglia Secured Loan – such proceeds will be used to reinvest in a property of at least equal character or condition.

Financial covenants. The Corviglia Secured Loan requires a minimum "**Corviglia Interest Cover Ratio**", namely that the Corviglia Borrower must ensure that, on each first Business Day of January, April, July and October the aggregate Net Cash Flow (i.e. the Net Rental Income minus the sum of Permitted Operation Expenses) expected to be received by the Corviglia Borrower for the next 12 months is not less than 125 per cent. of the interest on the Corviglia Secured Loan to be paid by the Corviglia Borrower during the next 12 months. A breach of the Corviglia Interest Cover Ratio, occurring either (i) on consecutive quarters or (ii) any four quarters, constitutes an event of default enabling the relevant Agent to accelerate the Corviglia Secured Loan.

The Corviglia Secured Loan also requires a minimum "**Corviglia Debt Cover Ratio**", namely that the Corviglia Borrower must ensure that, on each first Business Day of January, April, July and October the aggregate Net Cash Flow expected to be received by the Corviglia Borrower for the next 12 months is not less than 105 per cent. of the aggregate of (i) the interest on the Corviglia Secured Loan and (ii) the Scheduled Amortisation Payments (as described in the "*Repayment*" section above) to be paid by the Corviglia Borrower during the next 12 months. A breach of the Corviglia Debt Cover Ratio, occurring either (i) on consecutive quarters or (ii) any four quarters, constitutes an event of default enabling the relevant Agent to accelerate the Corviglia Secured Loan.

Further, the Corviglia Secured Loan requires a minimum "**Corviglia Loan to Value Ratio**", namely that the Corviglia Borrower must ensure that, on each of first Business Day of January, April, July and October the outstanding principal amount of the Corviglia Secured Loan, reduced by

the amount of any repayment of principal to be paid on the next following Corviglia Secured Loan Interest Payment Date is not higher than 90 per cent. of the aggregate of the appraised values shown in the last appraisal report prepared. A breach of the Corviglia Loan to Value Ratio result is a Cash Trap Triggering Event.

"**Corviglia Secured Loan Interest Payment Date**" means 15 January, 15 April, 15 July and 15 October (or, if such day is not a Business Day, then the next succeeding Business Day). Interest periods in relation to the Corviglia Secured Loan start on each Corviglia Secured Loan Interest Payment Date and end on the day prior to the next following Corviglia Secured Loan Interest Payment Date.

The Corviglia Borrower's Accounts. The Corviglia Borrower has opened the following accounts:

(a) a deposit account designated as a rent account (the "**Corviglia Rent Account**"); and

(b) a deposit account designated as a collection account (the "**Corviglia Collection Account**");

(c) a deposit account designated as a disposal proceeds account (the "**Corviglia Disposal Proceeds Account**");

together referred to as the "**Corviglia Borrower's Accounts**". The Corviglia Borrower's Accounts are subject to a Swiss law pledge.

Distributions from the Corviglia Rent Accounts. All amounts representing Gross Rent must be paid into the Corviglia Rent Account.

"**Gross Rent**" means any payments made by lessees to the Corviglia Borrower which includes in it both the Net Rent and various ancillary costs (including maintenance fees, VAT, and other payments by Lessees to the Corviglia Borrower which are in addition to the Net Rent amount) within the scope of Art. 257b of the Code of Obligations.

"**Net Rent**" means the aggregate of all amounts payable to the Corviglia Borrower in connection with the lease of all or a part of a Corviglia Property, including without limitation: (a) rent payable and any amount payable in respect of the occupation or use of a Corviglia Property, including any amount payable by any guarantor of a tenant's obligations under a lease contract; (b) any part of a deposit securing the performance of a tenant's obligations to which the Corviglia Borrower is entitled; (c) any damages, compensation, settlement or expense for loss of rent or for interest on rent awarded or agreed to be payable as a result of any claim or proceedings to recover the same (less any unreimbursed fees and expenses incurred in connection therewith); (d) any insurance proceeds representing indemnity for any loss of rent or interest on any loss of rent; and (e) any interest payable on any damages, compensation or settlement in respect of any amount specified in subclauses (a) through (d) above).

Subject to an event of default under the Corviglia Secured Loan Agreement (a "**Corviglia Event of Default**) and subject to a Cash Trap Triggering Event or a Cash Sweep Triggering Event occurring, the Corviglia Borrower may appoint signatories.

A "**Cash Sweep Triggering Event A**" " occurs if the weighted average unexpired lease term, as determined by the lender, is less than 1.5 years and a "Cash Sweep Triggering Event B" occurs if, the Debt Coverage Ratio, as determined by the Lender, is not satisfied during any Extension Period and a "**Cash Trap Triggering Event**"" means the event which occurs if on any first Business Day in January, April, July, October if either (i) the Interest Coverage Ratio falls below 140 per cent., or (ii) the Debt Coverage Ratio falls below 110 per cent., or (iii) the Loan to Value Ratio (based on the latest appraisal report) is above 90.0 per cent..

On each Corviglia Secured Loan Interest Payment Date the Corviglia Borrower shall cause all amounts required to be paid by it under the Corviglia Secured Loan from the Corviglia Rent

Account to the lender under the Corviglia Secured Loan (and if the Corviglia Borrower fails to do so, than the lender under the Corviglia Secured Loan shall be permitted to cause such payments to be made).

Provided no Corviglia Event of Default is continuing, the Corviglia Borrower may withdraw from the Corviglia Rent Account such amount as it may properly determine for application in or towards the following items (and, if the credit balance in that Corviglia Rent Account is insufficient to pay all those items in the following order):

(a) required payments of all leasehold fees (*Baurechtszinsen*) and/or required payments to the condominium-principled ownership (*Stockwerkeigentümergemeinschaft*), if applicable;

(b) any unpaid permitted operating expenses, including property tax, insurance and third party management fees, and capital expenditures specified in the budget;

(c) no later than three Business Days prior to any Corviglia Interest Payment Date (but daily if the Corviglia Borrower is not in compliance with any of the ratios conditions) such amount shall be paid to the Corviglia Collection Account as is necessary to cover all accrued interest and fees and amortisation payments, if any, due by the Corviglia Borrower to the lender under the Corviglia Secured Loan on the next Corviglia Interest Payment Date;

(d) within three Business Days following a request from the Corviglia Borrower, the lender will enable the Corviglia Borrower to transfer the difference between Gross Rent and Net Rent accrued in the Corviglia Rent Account to the Management Account; and

(e) if a disposal payment or scheduled amortisation payment under the Corviglia Secured Loan Agreement is unpaid, all surplus amounts shall remain in the Corviglia Rent Account being blocked (cash trap event);

(f) if the Corviglia Borrower is not in compliance with any of the Ratios Conditions, all surplus amounts shall be paid to the Corviglia Collection Account.

The Corviglia Borrower may not withdraw any monies from the Corviglia Rent Account without the prior express written consent of the lender except that the Corviglia Borrower is entitled to withdraw after ten Business Days following each Interest Payment Date any surplus standing to the credit on the Corviglia Rent Account as of such Interest Payment Date if all amounts due under this Agreement have been paid and the Lender has not given a written notice to the Corviglia Borrower not authorizing such payment.

Ratio Conditions in relation to the Corviglia will be satisfied if the Interest Coverage Ratio is at least 125 per cent., the Debt Coverage Ratio is at least 105 per cent. and the Loan to Value Ratio is not greater than 90 per cent..

"**Release Price**" means the minimum price to be paid for a Corviglia Property to be disposed by the Corviglia Borrower which shall result in net sale proceeds to be equal to at least 115 per cent. of the allocated loan amount for the relevant Corviglia Property.

Distributions from the Corviglia Disposal Proceeds Account. All net disposal proceeds from the sale of a Corviglia Property interest in whole or in part must be paid into the Corviglia Disposal Proceeds Accounts. The lender under the Corviglia Secured Loan or any other person designated by it has sole signing rights over the Corviglia Disposal Proceeds Account.

(ii) The Cinedome Secured Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 12,281,759	€ 12,281,759	–
Cut-Off Date Principal Balance	€ 12,281,759	€ 12,281,759	–
Projected Balance at Maturity(1)	€ 11,021,514	€ 11,021,514	–

Undrawn Capex/TI Facility	–
VAT Facility	–

Loan Purpose	Acquisition Facility
Funding Date	05-Mar-2007
First Interest Payment Date	15-Apr-2007
Loan Maturity Date	15-Apr-2012
Remaining Term	5.3 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	3.8%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Rosetabor XIII SA
Borrower Location	Switzerland
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Single asset
Property Type	Mixed Use
No. of Properties	1
Property Location	Switzerland
Year Built / Renovated	2002
Tenure	Freehold
Property /Asset Manager	REINVEST SA
Net Lettable Area (sqm)	8,211
Total Gross Rental Income p.a.	€ 947,401
Total Net Rental Income p.a.	€ 791,080
ERV	€ 1,150,415
Occupancy (as % of Net Lettable Area)	100.0%
Appraised Market Value	€ 18,960,320
Date of Valuation	01-Feb-2007
Valuer	Wuest & Partner
VPV	n/a
Purchase Price	€ 13,411,258
Number of Unique Commercial Tenants	2
Number of Commercial Leases	2
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	14.2 yrs
% of Investment Grade Income(4)	0.0%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	1.68x	1.85x	1.68x	1.85x
DSCR(6)	1.11x	1.17x	1.11x	1.17x
LTV(5)(6)	64.8%	58.1%	64.8%	58.1%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Cinedome Secured Loan was made pursuant to a loan agreement dated 1 March 2007 which was entered into, *inter alios*, between Lehman Commercial Paper, Inc. (United Kingdom Branch) (the "**Original Cinedome Lender**") and the Cinedome Borrower (the "**Cinedome Secured Loan Agreement**"). The Cinedome Secured Loan Agreement is governed by Swiss law.

The Cinedome Borrower. The Cinedome Borrower is a private limited liability company (*Aktiengesellschaft*) registered in Switzerland. The Cinedome Borrower is a wholly owned subsidiary of Montabor Sàrl, registered under the laws of Luxemburg (the "**Cinedome Parent**").

The Cinedome Property. The Cinedome Secured Loan is secured by one commercial property located in Switzerland, details of which are set out in the table below (the "**Cinedome Property**"). The Cinedome Borrower owns the Cinedome Property.

Property	Property Type	Tenure	Market Value (€)[(1)]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [(2)]
Cinedome	Mixed Use	Freehold	18,960,320	791,080	8,211	Multiple	14.2
Total			**18,960,320**	**791,080**	**8,211**		**14.2**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Cinedome Secured Loan is secured by a bearer mortgage notes (*Inhaberschuldbriefe*) encumbering the Cinedome Property.

In addition, the Cinedome Borrower has pledged all rental income, leases and each of the Cinedome Borrower's accounts listed below (see "*The Cinedome Borrower's accounts*" below). Security has been granted in respect of the shares in the Cinedome Borrowers pursuant to a Swiss law share pledge agreement in relation to the shares held by the Cinedome Parent.

Insurance under the Cinedome Secured Loan Agreement. Under the Cinedome Secured Loan Agreement, the Cinedome Borrower is obliged to maintain insurance with a substantial and reputable insurance company having the requisite rating, and/or with government-owned or sponsored insurances having a requisite rating in respect of the Cinedome Property (including any fixtures installed or improvements made therein by a lessee). The insurance must cover, amongst other risks, liability to third persons, physical damage to or destruction of each Cinedome Property, terrorism (all in accordance with customary and prudent business practice in Switzerland). The lender under the Cinedome Secured Loan must be a co-insured person under such insurance.

The Cinedome Borrower must also maintain insurance providing indemnity for the loss of rental income for a period of 36 months from the occurrence of any event entitling the Cinedome Borrower to claim such indemnity.

Property Management. The Cinedome Property are managed by REInvest SA, registered under Swiss law (the "**Cinedome Property Manager**"). Additionally REInvest SA acts as asset manager with regard to further organizational matters in connection with the management of the Cinedome Properties (the "**Cinedome Asset Manager**" and together with the Cinedome Property Manager the "**Cinedome Manager**"). The Cinedome Borrower appointed the Cinedome Property Manager under a property management agreement (the "**Cinedome Property Management Agreement**") and the Cinedome Asset Manager under an asset management agreement (the "**Asset Management Agreement**" and, together with the Cinedome Property Management Agreement, the "**Cinedome Management Agreements**""). In addition, the Cinedome Managers, the Cinedome Borrower and the lender under the Cinedome Secured Loan entered into a duty of care agreement (the "**Cinedome Duty of Care Agreement**"). Pursuant to the terms of the Cinedome Duty of Care Agreement, the Cinedome Property Manager may not without valid reason (as described therein) terminate the Cinedome Management Agreements. If the Cinedome Managers breach an obligation under a Cinedome Management Agreement, the lender under the Cinedome Secured Loan may require the Cinedome Borrowers to terminate the Cinedome Management Agreements and to appoint a new property and/or asset manager if the breach has not been remedied within a certain period. Pursuant to the terms of the Cinedome Duty of Care Agreement, the lender under the

Cinedome Secured Loan may assert all rights and claims under the Cinedome Management Agreements *vis-à-vis* the Cinedome Manager.

"Cinedome Secured Loan Interest Payment Date" means 15 January, 15 April, 15 July and 15 October (or, if such day is not a Business Day, then the next succeeding Business Day). Interest periods in relation to the Cinedome Secured Loan start on each Cinedome Secured Loan Interest Payment Date and end on the day prior to the next following Cinedome Secured Loan Interest Payment Date.

Repayment. The Cinedome Secured Loan provides for amortisation as follows: 2 per cent. per annum of the Loan for the period starting as of the first day of the first Collection Period (being the Closing Date) until the Cinedome Final Maturity Date (as defined below) to be repaid by the Cinedome Borrower in quarterly payments, on each Cinedome Secured Loan Interest Payment Date. The outstanding principal amount of the Cinedome Secured Loan is to be repaid in full (including all other amounts outstanding) on 15 April 2012 (the "**Cinedome Final Maturity Date"**), subject to a two-year extension.

Prepayment. The Cinedome Secured Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest, all CHF LIBOR breakage costs (if any) incurred by the lender under the Cinedome Secured Loan and the margin lost and any prepayment fee.

Mandatory prepayments must be made upon any disposal, including a compulsory purchase of a Cinedome Property. Such disposal is subject to the lender under the Cinedome Secured Loan obtaining prior written consent if (and only if) (i) the relevant Cinedome Borrower has not given five Business Days' notice to the lender under the Cinedome Secured Loan, or (ii) a breach of Ratios Conditions or default under the Cinedome Secured Loan Agreement would result from the disposal of the relevant Cinedome Property, or (iii) the sales price is lower than the Release Price, the prepayment fee and any other fees to be paid to the lender under the Cinedome Secured Loan as a consequence of such disposal. A mandatory prepayment must also be made in relation to insurance proceeds if a Cinedome Property has been destroyed or materially damaged unless such proceeds will be used to reinvest in a property of at least equal character or condition.

"**Ratios Conditions**" pursuant to the Cinedome Secured Loan will be satisfied if, during the entire of the Loan, the Interest Coverage Ratio is at least 120 per cent., the Debt Service Coverage Ratio is at least 105 per cent. and the Loan to Value Ratio is not greater than 90 per cent. and Release Price means in respect of the sale of the Cinedome Property or the sale of the shares of the Cinedome Borrower, the minimum price to be paid for that Cinedome Property or the shares of Cinedome Borrower which shall not be less than the sum of all present and future amounts owed by the Cinedome Borrower to the lender under the Cinedome Secured Loan Agreement payable on the next Interest Payment Date following such sale.

Financial covenants. The Cinedome Secured Loan requires a minimum "**Cinedome Interest Cover Ratio**", namely that the Cinedome Borrower must ensure that, on the first Business Day of January, April, July and October, the aggregate Net Cash Flow (i.e. the Net Rental Income minus the sum of Permitted Operation Expenses) expected to be received by the Cinedome Borrower for the next 12 months is not less than 120 per cent of the interest on the Cinedome Secured Loan to be paid by the Cinedome Borrower during the next 12 months. A breach of the Cinedome Interest Cover Ratio constitutes an event of default. A breach of the Cinedome Interest Cover Ratio, occurring either (i) on consecutive quarters or (ii) any four quarters, constitutes an event of default enabling the relevant Agent to accelerate the Cinedome Secured Loan.

Furthermore, the Cinedome Secured Loan requires a minimum "**Cinedome Debt Cover Ratio**", namely that the Cinedome Borrower must ensure that, on the first Business Day of January, April, July and October, the aggregate Net Cash Flow expected to be received by the Cinedome Borrower for the next 12 months is not less than 105 per cent of aggregate of (i) the interest on the Cinedome Secured Loan and (ii) the scheduled amortisation payments to be paid by the Cinedome Borrower during the next 12 months. A breach of the Cinedome Debt Cover Ratio constitutes an event of default. A breach of the Cinedome Debt Cover Ratio, occurring either (i) on consecutive

quarters or (ii) any four quarters, constitutes an event of default enabling the relevant Agent to accelerate the Cinedome Secured Loan.

Furthermore, the Cinedome Secured Loan requires a minimum "**Cinedome Secured Loan to Value Ratio**", namely that the Cinedome Borrower must ensure that, on the first Business Day of January, April, July and October, the outstanding principal amount of the Cinedome Secured Loan, reduced by the amount of any repayment of principal to be paid on the Cinedome Secured Loan Interest Payment Date immediately following such date is not higher than 90 per cent. of the aggregate of the lower of the appraised values of each Cinedome Property, shown in the appraisal report delivered on the Closing Date or any appraisal report prepared thereafter. A breach of the Cinedome Secured Loan to Value Ratio constitutes an event of default. A breach of the Cinedome Secured Loan to Value Ratio result is a Cash Trap Triggering Event.

The Cinedome Borrower's accounts. The Cinedome Borrower will open the following accounts:

(a) a deposit account designated as a rent account (the "**Cinedome Rent Account**");

(b) a deposit account designated as a collection account (the "**Cinedome Collection Account**");

(c) a deposit account designated as a disposal proceeds account (the "**Cinedome Disposal Proceeds Account**"); and

(d) a deposit account designated as an insurance proceeds account (the "**Cinedome Insurance Proceeds Account**"),

together referred to as the "**Cinedome Borrower's Accounts**".

The Cinedome Borrower's Accounts are subject to a Swiss law pledge. The account bank waived its priority rights under the general terms and conditions, which is subject to the account bank's usual right to set-off and right of pledge according to its general terms and conditions. Such account bank's rights are usually prioritised.

Cinedome Rent Account. All amounts representing rent must be paid into the Cinedome Rent Account. Rent means: (a) rent payable and any amount payable in respect of the occupation or use of a Cinedome Property, including any amount payable by any guarantor of a tenant's obligations under a lease contract; (b) any part of a deposit or guarantee (*Garantie und Bürgschaft*) securing the performance of a tenant's obligations to which the Cinedome Borrower is entitled; (c) any amount representing any apportionment of rent allowed in favour of the Cinedome Borrower under the contract for the purchase of a Cinedome Property; (d) any damages, compensation, settlement or expense for loss of rent or for interest on rent awarded or agreed to be payable as a result of any claim or proceedings to recover the same (less any unreimbursed fees and expenses incurred in connection therewith); (e) any insurance proceeds representing indemnity for any loss of rent or interest on any loss of rent; (f) any interest payable on any damages, compensation or settlement in respect of any amount specified in subclauses (a) through (e) hereinabove; and (g) any amount due to the Cinedome Borrower from a lessee or other occupant of a Cinedome Property under a lease contract for (i) insurance premiums, (ii) the cost of insurance valuations, (iii) repairs or (iv) services provided to a lessee or other occupant of a Cinedome Property. Subject to an event of default under the Cinedome Secured Loan Agreement and subject to a Cash Trap Triggering Event occurring, the Cinedome Borrower may appoint signatories and the Cinedome Manager is granted a power of attorney with respect to the Cinedome Rent Account.

"**Cash Trap Triggering Event**" means the event which occurs on any date if: (i) the Interest Coverage Ratio falls below 120 per cent.; or (ii) the Debt Service Coverage Ratio falls below 105 per cent.; or (iii) the Loan to Value Ratio (based on the latest appraisal report) is above 90.0 per cent..

On each Cinedome Secured Loan Interest Payment Date the Cinedome Borrower shall cause all amounts required to be paid by it under the Cinedome Secured Loan from the Cinedome Rent Account to the lender under the Cinedome Secured Loan (and if the Cinedome Borrower fails to do so, then the lender under the Cinedome Secured Loan shall be permitted to cause such payments to be made).

Provided no event of default is continuing, the Cinedome Borrower may withdraw from the Cinedome Rent Account such amount as it may properly determine for application in or towards the following items (and, if the credit balance in that Cinedome Rent Account is insufficient to pay all those items in the following order):

(a) required payments of all ground rent (*Baurechtszins*) and/or required payments to the condominium-principled ownership (*Stockwedeigentürmergemeinschaft*), if applicable;

(b) any unpaid permitted operating expenses, including property tax, insurance and third party management fees, and capital expenditures specified;

(c) on the 15th day of each month the threshold amount (being the sum of all payments to cover all accrued interest and fees and amortisation payments due and payable by the Cinedome Borrower to the lender under the Cinedome Secured Loan within the next Interest Period) to be paid to the Cinedome Collection Account, but;

(d) if a disposal payment or scheduled amortisation payment under the Cinedome Secured Loan Agreement is unpaid, all surplus amounts shall remain in the Cinedome Rent Account being blocked (a cash trap event);

(e) if the Cinedome Borrower is not in compliance with any of the Ratios Conditions, all surplus amounts shall be paid to the Cinedome Collection Account; and

(f) to be paid as the Cinedome Borrower may direct in writing to be used by the Cinedome Borrower for any purpose (including for the benefit of any other person) but otherwise to the operating accounts of the Cinedome Borrower in Swiss Franc and Euro.

If there is a breach of the terms of the Cinedome Secured Loan Agreement or event of default which is continuing, then any amounts standing to the credit of the Cinedome Rent Account will be applied in accordance with the items set out above and any remaining monies will be expended on the Cinedome Property, applied towards the payment of essential operating costs or applied to voluntary prepayment.

Cinedome Disposal Proceeds Account. All net disposal proceeds from the sale of the Cinedome Borrower's or the Cinedome Parent's interest in whole or in part of a Cinedome Property or the shares in the Cinedome Borrower must be paid into the Cinedome Disposal Proceeds Account (this is, for the avoidance of doubt, an obligation of the Cinedome Borrower only, since the Cinedome Parent is not party to the Cinedome Secured Loan Agreement). The lender under the Cinedome Secured Loan or any other person designated by it has sole signing rights over the Cinedome Disposal Proceeds Account.

The Italian Loan

(i) The Fortezza Loan Portfolio

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 103,539,015	€ 103,539,015	–
Cut-Off Date Principal Balance	€ 103,539,015	€ 103,539,015	–
Projected Balance at Maturity(1)	€ 103,539,015	€ 103,539,015	–

Undrawn Capex/TI Facility	–
VAT Facility	€ 28,016,299

Loan Purpose	Acquisition Facility
Funding Date	30-May-2006
First Interest Payment Date	06-Aug-2006
Loan Maturity Date	12-Jan-2014
Remaining Term	7.0 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	4.8%
Primary Loan Security	1st ranking mortgage
Borrower(s)	TORRE RE FUND I
Borrower Location	Italy
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Office
No. of Properties	6
Property Location	Italy
Year Built / Renovated	1955–1996
Tenure	Freehold
Property /Asset Manager	Fortress Investment Group LLC
Net Lettable Area (sqm)	60,292
Total Gross Rental Income p.a.	€ 9,254,387
Total Net Rental Income p.a.	€ 7,758,059
ERV	€ 9,230,609
Occupancy (as % of Net Lettable Area)	98.4%
Appraised Market Value	€ 149,100,000
Date of Valuation	Between 15-Sep-2006 & 15-Nov-2006
Valuer	REAG
VPV	€ 132,700,000
Purchase Price	€ 144,600,000
Number of Unique Commercial Tenants	4
Number of Commercial Leases	13
Weighted Average Unexpired Lease Term to First Break/Expiry(3)	8.4 yrs
% of Investment Grade Income(4)	86.2%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	Maturity	Cut-Off	Maturity
ICR(6)	1.62x	1.14x	1.62x	1.14x
DSCR(6)	1.62x	1.14x	1.62x	1.14x
LTV(5)(6)	69.4%	69.4%	69.4%	69.4%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Fortezza Loan Portfolio includes, *inter alia*, the receivables arising pursuant to an acquisition facility in relation to the IFB Portfolio and the Pavia Property dated 4 December 2006,

as amended on 2 March 2007 (the "**IFB & Pavia Facility**"), and an acquisition facility in relation to the Naples Property dated 26 May 2006, as amended on 2 March 2007 (the "**Naples Facility**"), a VAT facility in respect of the IFB & Pavia Property dated 4 December 2006, as amended on 2 March 2007 (the "**IFB and Pavia VAT Facility**") and a VAT facility in respect of the Naples Property dated 26 May 2006, as amended on 4 December 2006 (the "**Naples VAT Facility**"). The IFB and Pavia Facility and the Naples Facility were each entered into, *inter alios*, by Lehman Brothers Europe Limited (in its capacity as "**Fortezza Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Fortezza Facility Agent**"), Lehman Brothers Bankhaus AG, Milan Branch and the Fortezza Borrower. The Fortezza Loan Portfolio is governed by Italian law.

The Fortezza Borrower. The Fortezza Borrower is the close ended real estate speculative fund named Torre RE Fund I, registered in Rome on 2 December 2005 and approved by the Bank of Italy on 22 May 2006. The Borrower has entered into the IFB & Pavia Facility Agreement acting through Torre RE Speculative SGR p.A., a joint stock company incorporated under the laws of Italy, with registered office in Via Palermo 20, Rome, Italy, as managing company of the Borrower. Torre RE Speculative SGR p.A. is wholly owned by Fortezza RE S.à r.l., incorporated under the laws of Luxembourg.

The IFB & Pavia Properties. The IFB & Pavia Facility is secured by five commercial properties located in Italy, details of which are set out in the table below (the "**IFB & Pavia Properties**" and each a "**IFB & Pavia Property**"). The Fortezza Borrower owns the IFB & Pavia Properties.

Property	Property Type	Tenure	Market Value (€) [(1)]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant / Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years)[(2)]
Naples Tower	Office	Freehold	61,400,000	3,330,695	19,051	Multiple	11.0
Sesto S.Giovanni	Office	Freehold	37,500,000	1,989,966	12,460	Multiple	7.3
Pavia	Office	Freehold	27,600,000	1,308,094	12,860	U.S.S.L	6.4
Lecco	Office	Freehold	10,600,000	476,980	8,401	Multiple	5.0
Via Bertolaia, Milan	Office	Freehold	6,500,000	373,776	3,920	Multiple	4.7
Grosseto	Office	Freehold	5,500,000	278,548	3,600	Multiple	5.0
Total			**149,100,000**	**7,758,059**	**60,292**		**8.4**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

The Naples Property. The Naples Facility is secured by one commercial property located in Italy, details of which are set out in the table below (the "**Naples Property**"). The Borrower owns the Naples Property.

Security.

(a) The IFB & Pavia Facility is secured by a first ranking mortgage the IFB & Pavia Properties and a third ranking mortgage over the Naples Property. In addition the Fortezza Borrower has assigned in favour of the Lender all rental income, insurance policies, contractual claims and has granted pledges over each of the Fortezza Borrower's accounts listed below (see "*The Fortezza Borrower's IFB & Pavia accounts*" below). To support this undertaking the Fortezza Borrower is prohibited from granting any security over its assets or incurring any debt or carrying on any activities until all amounts outstanding under the IFB & Pavia Facility have been repaid in full.

(b) The Naples Facility is secured by a first ranking mortgage over the Naples Property and second ranking mortgage over the IFB & Pavia Properties. In addition the Fortezza Borrower has assigned in favour of the Lender all rental income, insurance policies, contractual claims and has granted pledges over each of the Fortezza Borrower's accounts listed below (see "*The Fortezza Borrower's Naples accounts*" below. To support this

undertaking the Fortezza Borrower is prohibited from granting any security over its assets or incurring any debt or carrying on any activities until all amounts outstanding under the Naples Facility have been repaid in full.

Cross-collateralisation and cross-default. The Naples Facility and the IFB & Pavia Facility are fully cross-collateralised and contain cross-default provisions.

Facility Agent and Arranger. Lehman Brothers International (Europe) will act as Facility Agent and Arranger pursuant to the IFB & Pavia Facility Agreement and the Naples Facility Agreement.

Insurance under the Loan Agreements. The Fortezza Borrower must insure each Property and any material item of plant and machinery on each Property (including material fixtures and improvements) for their full Replacement Value on an "all risk" basis (including terrorism risk, environmental risk and all normally insurable risks of loss of damage) when and if available on commercially reasonably terms, provide cover for loss of rent insurance (in respect of a period of not less than two years or, if longer, the minimum period required under any lease agreements) with an insurance company or underwriters, having a rating of at least A/A2/A (S&P, Moody's, Fitch).

Property Management. The IFB & Pavia Properties and the Naples Properties are managed by Fortress's in-house management arm, Italfondiario (the "**Managing Agent**"). Consequently, there is no third party property manager and no duty of care agreement.

Repayment. The IFB & Pavia Facility and the Naples Facility (and all other amounts outstanding) are to be repaid in full on 12 January 2014.

Prepayment. The IFB & Pavia Facility and the Naples Facility provide for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and any prepayment fee.

Mandatory prepayment must be made upon a disposal of any of the IFB & Pavia Properties or any of the Naples Properties, as applicable, in accordance with the terms of the IFB & Pavia Facility Agreement or the Naples Facility Agreement, as applicable.

Mandatory prepayment must also be made in case it becomes unlawful in any jurisdiction for the Lender to perform any of its obligations with respect to the IFB & Pavia Facility and/or the Naples Facility (no breakage costs will be due in this case).

Financial covenants. The IFB & Pavia Facility and the Naples Facility require a minimum "**Interest Cover Ratio**", namely that the Fortezza Borrower must ensure that the Interest Cover calculated in accordance with the terms of the IFB & Pavia Facility Agreement or the Naples Facility Agreement, as applicable, is not, at any time, less than 115 per cent. ("**Interest Cover**" means projected rental in respect of the IFB & Pavia Properties and the Naples Property as a proportion of projected net finance costs at the time expressed as a ratio). A breach of the Interest Cover ratio constitutes an event of default.

The Fortezza Borrower's IFB & Pavia accounts. The Fortezza Borrower has opened the following accounts:

(a) A rent account designated the "**IFB & Pavia Rent Account**" at San Paolo IMI S.p.A.; and

(b) a deposit account designated the "**IFB & Pavia Disposal Proceeds Account**" at San Paolo IMI S.p.A.

together referred to as the "**Fortezza Borrower's IFB & Pavia Accounts**".

The Fortezza Borrower may not maintain any other bank accounts in relation to the receipt of the Rental Income, disposal proceeds or any insurance proceeds connected to any IFB & Pavia Properties without prior written consent of the Facility Agent (not to be unreasonably withheld).

Distributions from the IFB & Pavia Rent Account. On each Interest Payment Date, the Facility Agent must withdraw from, and apply amounts standing to the credit of the Rent Account in the following order:

(i) *first*, *pro rata* payment of any unpaid costs and expenses of the Facility Agent and/or the Arranger (the "**IFB & Pavia Administrative Parties**") due but unpaid under the IFB & Pavia Finance Documents and any amounts due but unpaid under any hedging arrangements;

(ii) *second*, payment of amounts approved by the Facility Agent (acting reasonably and on the agreement that should such approval not be declined within 5 Business Days from the relevant request, such approval shall be deemed to be given) in respect of payments permitted under the IFB & Pavia Facility Agreement towards service charge obligations, essential operating and third party asset management costs for the IFB & Pavia Properties, essential operating expenses of the Borrower, other professional fees incurred in relation to the IFB & Pavia Properties and including payment of amounts (which, for the avoidance of doubt, whilst an event of default is outstanding, do not include rental income) to be applied towards replacing, restoring or reinstating the IFB & Pavia Properties in accordance with Clause 19.4(g) (*Insurances*) of the IFB & Pavia Facility Agreement;

(iii) *third*, payment as provisions for tax payments (including, while amounts are outstanding under the IFB & Pavia VAT Facility Agreement, payments of value added tax to the VAT Account (as defined in the IFB & Pavia VAT Facility Agreement) and following the date on which all amounts in respect of the IFB & Pavia VAT Facility Agreement have been repaid, to the relevant tax authorities);

(iv) *fourth*, payment to the Facility Agent for the relevant IFB & Pavia Administrative Parties and/or the Lender (the "**IFB & Pavia Finance Parties**") of any accrued interest, fees and other amounts (excluding principal) due but unpaid under the IFB & Pavia Finance Documents;

(v) *fifth*, payment of any principal due but unpaid under the IFB & Pavia Finance Documents;

(vi) *sixth*, payment of any other expenditure to the extent provided for in the Business Plan; and

(vii) *seventh*, payment of any surplus into the General Account (as defined below), **provided that** if the Facility Agent determines (acting reasonably and based on cash flow projections available to it) that, on a two quarterly period look forward basis (the Facility Agent in reaching such calculation shall take the average of the two relevant quarterly periods) the Interest Cover shall be less than 135 per cent. (an **Anticipated Breach**); or the Interest Cover is less than 135 per cent. (an **Actual Breach**); payments under this sub-paragraph (vii) shall be suspended. On and from the subsequent Interest Payment Date on which the Facility Agent confirms to the Borrower that there is no longer an Anticipated Breach or an Actual Breach, payments under this sub-paragraph (vii) may be resumed.

"**IFB & Pavia Finance Documents**" means any agreement, deed and/or document executed by any IFB & Pavia Finance Party in relation to the IFB & Pavia Facility and the IFB & Pavia VAT Facility.

The Fortezza Borrower may only make a withdrawal from the IFB & Pavia Rent Account above if no event of default is outstanding.

The Fortezza Borrower's Naples accounts. The Fortezza Borrower has opened the following accounts:

(a) A rent account designated the "**Naples Rent Account**" at San Paolo IMI S.p.A.; and

(b) a deposit account designated the "**Naples Disposal Proceeds Account**" at San Paolo IMI S.p.A.,

together referred to as the "**Fortezza Borrower's Naples Accounts**".

The Fortezza Borrower may not maintain any other bank accounts in relation to the receipt of the rental income, disposal proceeds or any insurance proceeds connected to the Naples Property without prior written consent of the Facility Agent (not to be unreasonably withheld).

Distributions from the Naples Rent Account. On each Interest Payment Date, the Facility Agent must, and is irrevocably authorised by the Borrower to, withdraw from, and apply amounts standing to the credit of, the Naples Rent Account, in the following order:

(i) *first*, payment *pro rata* of any unpaid costs and expenses of the Facility Agent and/or the Arranger (the "**Naples Administrative Parties**") due but unpaid under the Naples Finance Documents and any amounts due but unpaid under any hedging arrangements;

(ii) *second*, payment of amounts approved by the Facility Agent (acting reasonably and on the agreement that should such approval not be declined within 5 Business Days from the relevant request, such approval shall be deemed to be given) in respect of payments permitted under the Naples Facility Agreement towards service charge obligations, essential operating and third party asset management costs for the Naples Property, essential operating expenses of the Borrower, other professional fees incurred in relation to the Naples Property and including payment of amounts (which, for the avoidance of doubt, whilst an event of default is outstanding, do not include rental income) to be applied towards replacing, restoring or reinstating the Naples Property in accordance with Clause 19.4(g) (*Insurances*) of the Naples Facility Agreement;

(iii) *third*, payment as provisions for tax payments (including, while amounts are outstanding under the Naples VAT Facility Agreement, payments of value added tax to the VAT Account (as defined in the Naples VAT Facility Agreement) and following the date on which all amounts in respect of the Naples VAT Facility Agreement have been repaid, to the relevant tax authorities);

(iv) *fourth*, payment to the Facility Agent for the relevant Naples Administrative Parties and/or the Lender (the "**Naples Finance Parties**") of any accrued interest, fees and other amounts (excluding principal) due but unpaid under the Naples Finance Documents;

(v) *fifth*, payment of any principal due but unpaid under the Naples Finance Documents;

(vi) *sixth*, payment of any other expenditure to the extent provided for in the Business Plan; and

(vii) *seventh*, payment of any surplus into the General Account (as defined below), **provided that** if the Facility Agent determines (acting reasonably and based on cash flow projections available to it) that, on a two quarterly period look forward basis (the Facility Agent in reaching such calculation shall take the average of the two relevant quarterly periods) the Interest Cover shall be less than 135 per cent. (an **Anticipated Breach**); or the Interest Cover is less than 135 per cent. (an **Actual**

Breach); payments under this sub-paragraph (vii) shall be suspended. On and from the subsequent Interest Payment Date on which the Facility Agent confirms to the Borrower that there is no longer an Anticipated Breach or an Actual Breach, payments under this sub-paragraph (vii) may be resumed.

"**Naples Finance Documents**" means any agreement, deed and/or document executed by any Naples Finance Party in relation to the Naples Facility and the Naples VAT Facility).

The Fortezza Borrower may only make a withdrawal from the Naples Rent Account above if no event of default is outstanding.

The Facility Agent may authorise withdrawals at any time from the Naples Rent Account to pay any amount due but unpaid under the Naples Finance Documents or to meet Lender approved essential operating expenses (including professional fees) (such approval not to be unreasonably withheld).

"**General Account**" means the general account held by Torre RE Speculative SGR p.A. in the name of Torre RE Fund I, as managing company of the fund.

Distributions from the IFB & Pavia Disposal Proceeds Account. The Disposal Proceeds Account is subject to joint written instructions of both the Facility Agent and the Fortezza Borrower, **provided that**, if an event of default is outstanding the Facility Agent will, from the date on which the facility is utilised, be granted an irrevocable mandate by the Fortezza Borrower to operate the IFB & Pavia Disposal Proceeds Account.

Following a disposal of any of the IFB & Pavia Properties in accordance with the terms of the IFB & Pavia Facility Agreement, the Facility Agent may, and is authorised by the Fortezza Borrower to, apply any amounts standing to the credit of the IFB & Pavia Disposal Proceeds Account in prepayment of the IFB & Pavia Facility and all other amounts due to the IFB & Pavia Finance Parties under the Finance Documents.

Distributions from the Naples Disposal Proceeds Account. The Naples Disposal Proceeds Account is subject to joint written instructions of both the Facility Agent and the Fortezza Borrower, **provided that**, if an event of default is outstanding the Facility Agent will, from the date on which the facility is utilised, be granted an irrevocable mandate by the Borrower to operate the Naples Disposal Proceeds Account.

Following a disposal of any property in accordance with the terms of the Naples Facility Agreement, the Facility Agent may, and is authorised by the Fortezza Borrower to, apply any amounts standing to the credit of the Naples Disposal Proceeds Account in prepayment of the Naples Facility and all other amounts due to the Naples Finance Parties under the Naples Finance Documents.

(ii) **The VAT Facilities**

General. The VAT Facilities were made under two facility agreements dated or amended on 4 December 2006 , one in relation to the acquisition of the Naples Property (the "**Naples VAT Facility Agreement**") and the other in relation to the acquisition of the IFB Portfolio and the Pavia Property (the "**IFB & Pavia VAT Facility Agreement**" and, together with the Naples VAT Facility Agreement, the "**VAT Facility Agreements**"). The purpose of the VAT Facilities is to provide the Fortezza Borrower with the amounts required to pay no less than 90 per cent. of the amount of VAT payable by the Fortezza Borrower in respect to the acquisition price of each property, to the extent that the Fortezza Borrower is entitled to a reimbursement of such amount by the Italian Tax Authority (*Agenzia delle Entrate*) (the "**Recoverable VAT**"). Each VAT Facility will be utilised in a single instalment and repaid in full by the Borrower on the relevant Final Maturity Date (see table above). The VAT Facilities are repaid by the Borrower with the amounts standing to the credit of the VAT Account (see "*The Fortezza Borrower's VAT Account*" section below), into which all amounts of VAT that the Fortezza Borrower is entitled to receive are paid.

The VAT Properties. The VAT Facilities are secured by the IFB & Pavia Properties and the Naples Property (the "**VAT Properties**" and each a "**VAT Property**").

Security. The Naples VAT Facility is secured by a second ranking mortgage over the Naples Property. In respect of the IFB & Pavia VAT Facility, the Borrower undertakes to enter into a third ranking deed of mortgage over each of the property in the IFB Portfolio, a second ranking deed of mortgage over the Pavia Property and a fourth ranking deed of mortgage over the Naples Property, in the event that 6 months prior to the final maturity date of the VAT facility, the Borrower has not received any amount of recoverable VAT. In addition the Borrower has pledged in favour of the Lender the VAT Account (see "*The Fortezza Borrower's VAT accounts*" below) and undertaken to assign by way of security (*atto di cessione di crediti in garanzia*) all amounts of VAT refundable or receivable by the Fortezza Borrower in connection with the properties. To support this undertaking the Fortezza Borrower is prohibited from granting any security over its assets or incurring any debt or carrying on any activities until all amounts outstanding under each VAT Facility have been repaid in full.

Cross-collateralisation and cross-default. The Naples VAT Facility Agreement provides for cross-collateralisation and cross-default with the IFB & Pavia Facility Agreement and the IFB & Pavia VAT Facility Agreement and the IFB & Pavia VAT Facility Agreement provides for cross-collateralisation and cross-default with the Naples Facility Agreement and the Naples VAT Facility Agreement.

Facility Agent and Arranger. Lehman Brothers International (Europe) will act as Facility Agent and Arranger pursuant to the VAT Facility Agreements.

Repayment. Each VAT Facility (and all other amounts outstanding) is to be repaid in full on 30 May 2008.

Prepayment. Each VAT Facility Agreement provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest and any prepayment fee.

In the event that the Italian Tax Authority refunds the Fortezza Borrower with VAT amounts during the availability period of the facility, the Fortezza Borrower shall prepay the loan in an amount equal to such VAT amount. The loan shall not be prepaid in full before 18 months and two days have elapsed after the date on which the loan is utilised.

On each Interest Payment Date, the Fortezza Borrower shall prepay the loan in an amount equal to any VAT in relation to the properties received during the immediately preceding quarter and offset against any VAT credit in relation to the properties during such quarter.

If at any time the amount of VAT that the Fortezza Borrower is entitled to receive ("**VAT Receivable**") is less than the outstanding amount of the loan, the Borrower shall prepay the loan as to ensure that the then outstanding loan will not exceed the amount of the VAT Receivable.

Mandatory prepayment must be made upon a disposal of any Property in accordance with the terms of the VAT Facility Agreements.

Mandatory prepayment must also be made in case it becomes unlawful in any jurisdiction for the Lender to perform any of its obligations with respect to the VAT Facilities (no breakage costs will be due in this case).

Financial covenants. Each VAT Facility requires a minimum Interest Cover ratio, namely that the Fortezza Borrower must ensure that the Interest Cover calculated in accordance with the terms of the Loan Agreement is not, at any time, less than 1.05 to 1. ("**Interest Cover**" means projected rental in respect of the VAT Properties as a proportion of projected net finance costs at the time expressed as a ratio). A breach of the Interest Cover ratio constitutes an event of default.

The Fortezza Borrower's VAT accounts. The Fortezza Borrower has opened the following accounts:

(a) a VAT account designated the "**VAT Account**" at San Paolo IMI S.p.A.; and

(b) a deposit account designated the "**VAT Disposal Proceeds Account**" at San Paolo IMI S.p.A.,

together referred to as the "**Fortezza Borrower's VAT Accounts**".

The Fortezza Borrower may not maintain any other bank accounts in relation to the receipt of the rental income, disposal proceeds or any insurance proceeds connected to any VAT Properties without prior written consent of the Facility Agent (not to be unreasonably withheld).

Distributions from the VAT Account. On each Interest Payment Date, the Facility Agent must, and is irrevocably authorised by the Borrower to withdraw from, and apply amounts standing to the credit of, the VAT Account, in the following order:

(i) *first*, payment *pro rata* of any unpaid costs and expenses of the Facility Agent and/or the Arranger (the "**VAT Administrative Parties**") due but unpaid under the Naples Finance Documents, the IFB & Pavia Finance Documents and the VAT Finance Documents;

(ii) *second*, payment of amounts approved by the Facility Agent (acting reasonably) in respect of payments permitted under each VAT Facility Agreement towards service charge obligations, essential operating and third party asset management costs for the properties, essential operating expenses of the Borrower and other professional fees incurred in relation to the each VAT Property;

(iii) *third*, payment as provisions for tax payments;

(iv) *fourth*, payment to the Facility Agent for the relevant VAT Administrative Parties and/or the Lender (the "**VAT Finance Parties**") of any accrued interest, fees and other amounts (excluding principal) due but unpaid under the Fortezza Finance Documents;

(v) *fifth*, payment of any principal due but unpaid under the Fortezza Finance Documents;

(vi) *sixth*, payment of any other expenditure to the extent provided for in the Business Plan; and

(vii) *seventh*, payment of any surplus into the General Account (as defined below), **provided that** if there is a breach of the Interest Cover ratio (the "**Breach**") and the Borrower has not already remedied the Breach in the six month period prior to the date on which the Breach occurred, payments under this sub-paragraph (vii) shall be

suspended and the Facility Agent must, at the Borrower's request, withdraw any amount from the VAT Account and apply them toward remedying the Breach. On and from the subsequent Interest Payment Date on which the Facility Agent confirms to the Borrower that there is no longer a Breach, payments under this sub-paragraph (vii) may be resumed.

"**Fortezza Finance Documents**" means any agreement, deed and/or document executed by any VAT Finance Party in relation to the Naples Facility, the IFB & Pavia Facility and the VAT Facilities).

The Facility Agent is obliged to make a withdrawal from the VAT Account in accordance with the items set out above only if no event of default is outstanding.

"**General Account**" means the general account held by Torre RE Speculative SGR p.A. in the name of Torre RE Fund I, as managing company of the fund.

Distributions from the VAT Disposal Proceeds Account. The VAT Disposal Proceeds Account is subject to joint written instructions of both the Facility Agent and the Borrower, **provided that**, if an event of default is outstanding the Facility Agent will, from the date on which each VAT Facility is utilised, be granted an irrevocable mandate by the Borrower to operate the VAT Disposal Proceeds Account.

Following a disposal of any property in accordance with the terms of the VAT Facility Agreements, the Facility Agent may, and is authorised by the Fortezza Borrower to, apply any amounts standing on the credit of the VAT Disposal Proceeds Account in prepayment of the relevant VAT Facility and all other amounts due to the VAT Finance Parties under the Fortezza Finance Documents.

The French Loan

(i) The Tour Esplanade Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 257,000,000	€ 257,000,000	–
Cut-Off Date Principal Balance	€ 257,000,000	€ 257,000,000	–
Projected Balance at Maturity(1)	€ 257,000,000	€ 257,000,000	–

Undrawn Capex/TI Facility	€ 3,200,000
VAT Facility	–

Loan Purpose	Partial Refinancing Facility
Funding Date	08-Sep-2006
First Interest Payment Date	15-Jan-2007
Loan Maturity Date	15-Oct-2016
Remaining Term	9.8 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon(2)	4.9%
Primary Loan Security	1st ranking mortgage
Borrower(s)	TS Tour Esplanade Holdings SAS
Borrower Location	France
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Single asset
Property Type	Office
No. of Properties	1
Property Location	France
Year Built / Renovated	1990
Tenure	Freehold
Property /Asset Manager	TSP France (Property Management) S.a.r.l
Net Lettable Area (sqm)	53,030
Total Gross Rental Income p.a.	€ 19,915,300
Total Net Rental Income p.a.	€ 19,017,817
ERV	€ 23,359,205
Occupancy (as % of Net Lettable Area)	100.0%
Appraised Market Value	€ 381,000,000
Date of Valuation	10-Jul-2006
Valuer	DTZ
VPV	€ 323,720,000
Purchase Price	n/a
Number of Unique Commercial Tenants	2
Number of Commercial Leases	2
Weighted Average Unexpired Lease Term to First Break / Expiry(3)	7.0 yrs
% of Investment Grade Income(4)	100.0%

Financial Ratios

	A Note		Whole Loan	
	Cut-Off	**Maturity**	**Cut-Off**	**Maturity**
ICR(6)	1.51x	1.47x	1.51x	1.47x
DSCR(6)	1.51x	1.47x	1.51x	1.47x
LTV(5)(6)	67.5%	67.5%	67.5%	67.5%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) no asset disposal takes place.
(2) Weighted average rate.
(3) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.
(4) Ratings based on senior unsecured debt. If tenant itself is not rated, rating relates to an associated entity or parent, regardless of whether such associated entity is an obligor or guarantor under the lease. Tenant defined as investment grade if rated investment grade by any of S&P, Moody's or Fitch. Percentage calculated on commercial leases only.
(5) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the Loans - Valuations*".
(6) Assumes that all the Loans are fully drawn, with the exception of the undrawn Capex Facilities and excludes VAT Facilities.

General. The Tour Esplanade Loan was made pursuant to a loan agreement dated 8 September 2006 which was entered into, *inter alios*, between Lehman Brothers Bankhaus AG,

London Branch (in its capacity as "**Tour Esplanade Lender**", "**Tour Esplanade Arranger**" and "**Tour Esplanade Agent**") and TS Tour Esplanade Holdings SAS and Tour Esplanade as borrowers, it being specified that TS Tour Esplanade Holdings SAS has, in its capacity as unique shareholder of the shares of Tour Esplanade, resolved on 23 November 2006 the dissolution of Tour Esplanade under article L. 1844-5 of the French *Code Civil* and the universal transfer of patrimony of Tour Esplanade to its benefit, without its liquidation, and that this dissolution without liquidation has become effective as against third parties on 2 January 2007 (the "**Tour Esplanade Loan Agreement**"). The Tour Esplanade Loan is governed by French law.

The Borrower. TS Tour Esplanade Holding SAS is a *société par actions simplifiée* registered in France. The Tour Esplanade Borrower is a subsidiary of TS Tour Esplanade Holdings (Luxembourg), a *société à responsabilité limitée* registered in Luxembourg.

Acquisition and refinancing facility. €127,000,000 of the Tour Esplanade Loan was used to acquire the Tour Esplanade Property ("**Term Loan A**"), €130,000,000 of the Tour Esplanade Mortgage Loan was used to refinance certain intra-group debt ("**Term Loan B**") (the Term Loan A and the Term Loan B constituting together the "**Tour Esplanade Loan**").

The Tour Esplanade Property and other security. The Term Loan A, the Term Loan B and the Capex Facility of the Tour Esplanade Mortgage Loan are secured by one high-rise building located in Puteaux, France, details of which are set out in the table below (the "**Tour Esplanade Property**"). The Tour Esplanade Borrower owns the Tour Esplanade Property:

Property	Property Type	Tenure	Market Value (€)[1]	Total Net Rent (€) p.a.	Net Lettable Area (sqm)	Tenant/ Surety	Weighted Average Remaining Lease Term to First Break/Expiry (years) [2]
Tour Esplanade	Office	Freehold	381,000,000	19,017,817	53,030	Multiple	7.0
Total			**381,000,000**	**19,017,817**	**53,030**		**7.0**

(1) Based on Valuations. See "*The Loan Portfolio - General considerations on the origination of the loans - Valuations*".
(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration.

In addition to charging its interests in the Tour Esplanade Property to the Tour Esplanade Finance Parties pursuant to a first ranking mortgage (*acte d'affectation hypothécaire*) over the Tour Esplanade Property granted on 8 September 2006 and a second ranking mortgage (*acte d'affectation hypothécaire*) granted on 9 January 2007 over the Tour Esplanade Property by the Tour Esplanade Borrower, the Tour Esplanade Borrower has granted:

(a) two delegations (*délégations*) of insurance proceeds pursuant to article L.121-13 of the French *Code des assurances* (Insurance Code);

(b) a pledge over the bank account (*nantissement de compte*) of the Tour Esplanade Borrower; and

(c) assignments of receivables by way of security (Dailly law assignments (*cessions de créances professionnelles*) governed by articles L. 313–23 et seq. of the French *Code Monétaire et financier*) relating to: (1) rental claims, (2) insurance proceeds, (3) a bank guarantee securing the payment of the rent under a lease entered into in connection with the Tour Esplanade Property and (4) the indemnification of the seller of the shares of Tour Esplanade *société civile immobilière*.

in favour of the Tour Esplanade Finance Parties.

Furthermore, TS Tour Esplanade Holdings (Luxembourg) has granted a pledge over the shares it holds in the Tour Esplanade Borrower, being 100 per cent. of the shares of the Tour Esplanade Borrower (*nantissement de compte d'instruments financiers*).

Finally, the Tour Esplanade Property Manager has granted a pledge over bank account over the Tour Esplanade Operating Account (*nantissement de solde de compte bancaire*).

Insurance under the Tour Esplanade Mortgage Loan. The Tour Esplanade Borrower is required to keep current, with first ranking insurance companies complying with a minimum long-term credit rating of no less than "A1+" (S&P), "A1" (Moody's) or "A" (Fitch):

(a) a comprehensive insurance policy covering the reconstruction as new of the Tour Esplanade Property (including V.A.T.), such policy also guarantees the payment of all rents for the Tour Esplanade Property for a period of at least thirty-six (36) months from the date of the claim; and

(b) a civil liability insurance.

Tour Esplanade Property Management. The Tour Esplanade Property is managed by TSP France (Property Management) SARL, a *société à responsabilité limitée* organized under the laws of the Republic of France, with a share capital of EUR 25,000, the registered office of which is located at 125, avenue des Champs Elysées, 75008 Paris, France, registered with the Paris trade registry under number 452 675 663 (the "**Tour Esplanade Property Manager**"). A Duty of Care Agreement has been entered into on 8 September 2006 between Lehman Brothers Bankhaus Aktiengesellschaft as Tour Esplanade Agent and Tour Esplanade Lender, the Tour Esplanade Borrower (as successor of Tour Esplanade, *société civile immobilière*) and the Tour Esplanade Property Manager. Pursuant to a duty of care agreement (the "**Tour Esplanade Duty of Care Agreement**", if the Property Manager breaches any provision of the Tour Esplanade Duty of Care Agreement, then the Tour Esplanade Agent (acting on behalf of the Tour Esplanade Lenders) may require the appointment by the Tour Esplanade Borrower of a new managing agent of the Tour Esplanade Property on terms reasonably approved by the Tour Esplanade Agent, but which shall include an obligation on the new managing agent to enter into a duty of care agreement with the Tour Esplanade Agent and the Tour Esplanade Lenders in form and substance satisfactory to the Agent (acting on behalf of the Tour Esplanade Lenders).

Financial covenants. If on any interest payment date the interest cover ratio (the "**Tour Esplanade Interest Cover Ratio**") falls below 125 per cent., any cash surplus remaining after payment by the Tour Esplanade Agent, out of the net rental revenue, of the fees, commissions, interest payments and other amounts due by the Tour Esplanade Borrower, is paid into the Tour Esplanade Reserve Account to be allocated as cash collateral for the Tour Esplanade Agent and the Tour Esplanade Lenders (this cash collateral being a contractual arrangement and not an encumbrance under French law).

The Tour Esplanade Borrower's Accounts. The Tour Esplanade Rent Account, the Tour Esplanade Receipt Account and the Tour Esplanade Reserve Account have been opened by the Tour Esplanade Lenders. The Tour Esplanade General Accounts have been opened by the Tour Esplanade Borrower.

The Tour Esplanade Reserve Account. The Tour Esplanade Reserve Account is credited as follows:

(a) if on any interest payment date the Tour Esplanade Interest Cover Ratio falls below 125 per cent., any cash surplus remaining after payment by the Tour Esplanade Agent, out of the net rental revenue, of the fees, commissions, interest payments and other amounts due by Tour Esplanade Borrower, is paid into the Tour Esplanade Reserve Account to be allocated as cash collateral for the Tour Esplanade Agent and the Tour Esplanade Lenders;

(b) if on or prior to 1 July 2012, the lease entered into with SFR on the Tour Esplanade Property has not been renewed or a lease meeting the conditions set out in the Tour Esplanade Mortgaged Loan Agreement has not been signed, any cash surplus is paid into the Tour Esplanade Reserve Account to be allocated as cash collateral for the Tour Esplanade Agent and Tour Esplanade Lenders; and

(c) starting 1 January 2013 and for as long as the current lease on the Tour Esplanade Property has not been renewed or a lease meeting the conditions set out in the Tour Esplanade Loan Agreement has not been signed, the Tour Esplanade Borrower shall ensure that a minimum cash reserve of €12,800,000 is deposited on the Tour Esplanade Reserve Account and that any cash surplus remaining after payment by the Tour Esplanade Agent, out of the net rental revenue, of the fees, commissions, interest payments and other amounts due by the Tour Esplanade Borrower, is paid into such account.

Distributions from the Tour Esplanade Rent Account. The Tour Esplanade Borrower has undertaken to procure that the Tour Esplanade Property Manager collects all gross rental revenue (including rental income and any payments under any hedge agreement) as soon as reasonably practical after it becomes due and pays the net rental revenue into the Tour Esplanade Rent Account and the operating expenses when payable.

The Tour Esplanade Agent will withdraw the following amounts from the Tour Esplanade Rent Account in the following order:

(a) *firstly*, on each Loan Payment Date:

(i) payment of any commissions, fees and reimbursement of the expenses incurred by the Tour Esplanade Agent (including the fees of various parties in connection with technical inspections and auditing and due diligence operations) under any Tour Esplanade Finance Document, as well as any amounts payable under any hedging agreement by the Tour Esplanade Borrower;

(ii) the payment of interest payable by Tour Esplanade Borrower under each of the Term Loan A, the Term Loan B and the Capex Facility;

(iii) if applicable, the repayment by Tour Esplanade Borrower of principal of each of the Term Loan A, the Term Loan B and the Capex Facility;

(iv) payment of any other amount due by Tour Esplanade Borrower under the Tour Esplanade Finance Documents;

(b) *secondly*, where applicable pursuant to the paragraph entitled "Tour Esplanade Reserve Account" above, after the payment under sub-paragraphs (a)(i) to (a)(iv) (inclusive) above on each Loan Payment Date, credit the Tour Esplanade Reserve Account of any surplus (a "**Cash Surplus**"); and

(c) *thirdly*, provided no Event of Default (as such term is defined in the Tour Esplanade Loan Agreement) has occurred in respect of which a notice has been served, credit of the Tour Esplanade General Account of any Cash Surplus not required to be paid to the Tour Esplanade Reserve Account.

Property disposals. Following the disposal of the Tour Esplanade Property the Tour Esplanade Borrower must repay the total amount of the principal due under the Term Loan A, the Term Loan B and the Capex Facility.

Terms used in this section, *Tour Esplanade Loan*, have the meanings indicated below:

"**Fee Letter**" means any fee letter delivered by the Tour Esplanade Arranger to the Tour Esplanade Borrower.

"**Lender's Security Documents**" means (i) any security interest granted by the Tour Esplanade Borrower and/or the Tour Esplanade Property Manager in favour of the Tour Esplanade Lenders; and/or (ii) any other document conferring any guarantee or assurance in favour of the Tour

Esplanade Lenders against financial loss or in respect of any of the obligations of the Tour Esplanade Borrower under Tour Esplanade Loan Agreement.

"**Subordination Agreement**" means the subordination agreement entered into on the 8 September 2006 between the Tour Esplanade Borrower and the subordinated lenders referred to therein.

"**Tour Esplanade Borrower**" means TS Tour Esplanade SAS.

"**Tour Esplanade Finance Parties**" means Lehman Brothers Bankhaus Aktiengesellschaft as Tour Esplanade Agent and Tour Esplanade Lender.

"**Tour Esplanade Finance Documents**" means the Tour Esplanade Loan Agreement, the Subordination Agreement, the Lenders' Security Documents, the Hedging Agreement and the Fee Letter.

"**Tour Esplanade General Accounts**" means the two Tour Esplanade Borrower general accounts opened by the Borrower.

"**Hedging Agreement**" means any hedging agreement(s) signed pursuant the Tour Esplanade Loan Agreement.

"**Tour Esplanade Operating Account**" means the account opened in the name of the Tour Esplanade Property Manager.

"**Tour Esplanade Rent Account**" means the cash collateral account opened in the name of the Lenders.

"**Tour Esplanade Reserve Account**" means the cash collateral account opened in the name of the Lenders.

"**Tour Esplanade Receipt Account**" means the cash collateral account opened in the name of the Lenders.

THE SWISS SPV AND THE SWISS UNSECURED LOANS

The Swiss SPV

The Swiss SPV is a company (*Aktiengesellschaft*) incorporated in Switzerland on 8 March 2007, registered in the commercial register (*Handelsregister*) of the Canton of Zurich registered number CH-020.3.030.768-6. The registered office of the Swiss SPV is c/o Treureva AG, Mühlebachstrasse 25, 8008 Zurich, Switzerland. The telephone number of the Swiss SPV is +41 44 267 17 17.

The Swiss SPV has been set up as a special purpose vehicle. The constitutional documents of the Swiss SPV are available for inspection in electronic format at the Zurich Register of Commerce.

Principal Activities

Under the Swiss SPV's constitutional documents, the purpose for which the Swiss SPV is established includes, among other things, borrowing the Swiss Unsecured Loans and acquiring the Swiss Secured Loans, together with related activities ancillary thereto. Since the date of its incorporation, the Swiss SPV has not engaged in any activity other than those permitted under its constitutional documents, nor has it traded, made any profits or losses or paid any dividends.

The Swiss SPV is not, and has not been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Swiss SPV is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Swiss SPV's financial position.

The Swiss SPV has entered into a number of contracts in connection with the Swiss Unsecured Loans and the Related Security and the Swiss Unsecured Loans and for the provision of administrative, secretarial, legal and tax services to it.

Share Capital

The capitalisation and indebtedness of the Swiss SPV as at the date of this Prospectus is as follows: the Swiss SPV has an issued share capital of CHF 100,000 and a surplus of CHF 50,000. The share capital is divided into 100 registered shares with a par value of CHF 1,000 each. All shares of the Swiss SPV are fully paid up and issued. Each share is entitled to one vote. There is no authorised or conditional share capital. The current shareholders of the Swiss SPV are:

Shareholder	**Shareholding (per cent.)**
Jermann, Matthias	33 per cent.
Hofmann, Kaspar	33 per cent.
CFMB GmbH	34 per cent.

The shareholders have entered into a shareholders' agreement pursuant to which they have given undertakings to each other to take such steps as are required to give effect to the transactions as described in this Prospectus. A sale of shares in breach of the shareholders' agreement would not be void. A transfer of shares would, however, in any case be subject to the restrictive transfer provisions of the Swiss SPV' articles of incorporation.

Management and Control

The Swiss SPV is managed and controlled in Switzerland. Resolutions are passed and elections are determined at the annual general meeting by an absolute majority of shares, except for

the following resolutions which, according to the articles of incorporation of the Swiss SPV, need unanimous approval of all shareholders of the Swiss SPV:

(a) amendment to the articles of incorporation (including decisions that result in a de facto change of the company's purpose);

(b) sale of all or a considerable part of the assets, if this leads to a de facto liquidation of the company;

(c) in all cases as required by mandatory rules of Swiss law;

(d) changes to the restrictions on the transferability of registered shares and the alleviation or revocation of such restrictions;

(e) conversion of bearer shares to registered shares;

(f) increase of the company's share capital; and

(g) change of the company's domicile.

The sole director of the Swiss SPV is:

Name	Nationality	Address	Occupation
Hoffmann, Kaspar	Swiss	Haldenstrasse 36 CH-8134 Adliswil	Director

The director of the Swiss SPV may engage in other activities, and have other directorships and other interests which may conflict with the interests of the Swiss SPV. As a matter of Swiss law, the director is under a duty to act honestly and in good faith with a view to the best interests of the Swiss SPV, regardless of any other directorships that he or she might hold.

The contractual creditors of the Swiss SPV have agreed that, in respect of amounts payable by the Swiss SPV under the Transaction Documents to which it is a party, they shall only have recourse against the Swiss SPV if and to the extent that the Swiss SPV has funds available for such purpose after any and all other obligations of the Swiss SPV which have a higher ranking in accordance with the Swiss SPV's priority of payments have been paid or provided for in full.

Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the Swiss SPV since its date of its incorporation. Save for the Swiss Unsecured Loans, the Swiss SPV has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

The Swiss SPV Corporate Services Provider

Treureva AG, a stock corporation incorporated under the laws of Switzerland, will act as corporate services provider to the Swiss SPV (the "**Swiss SPV Corporate Services Provider**") pursuant to a corporate services agreement to be entered into on the Closing Date between, among others, the Swiss SPV and the Swiss SPV Corporate Services Provider.

The office of the Swiss SPV Corporate Services Provider serves as the general business office of the Swiss SPV. Through the office and pursuant to the terms of the corporate services agreement entered into on or around the Closing Date between the Swiss SPV and the Swiss SPV Corporate Services Provider (the "**Swiss SPV Corporate Services Agreement**"), the Swiss SPV Corporate Services Provider performs various functions on behalf of the Swiss SPV, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Swiss Corporate Services Agreement. In consideration of the foregoing, the Swiss Corporate Services Provider receives various fees and other charges payable by the Swiss SPV at

rates agreed upon from time to time plus expenses. The terms of the Swiss Corporate Services Agreement provide that either party may terminate the Swiss Corporate Services Agreement upon the occurrence of certain stated events. In addition, either party may terminate the Swiss SPV Corporate Services Agreement at any time by giving at least 90 days' written notice to the other party. The Swiss SPV Corporate Services Agreement contains provisions for the appointment of a replacement corporate services provider if necessary.

The Swiss SPV Corporate Services Provider's principal office is at Mühlebachstrasse 25 in CH-8008 Zurich.

The Swiss Unsecured Loans

General provisions applicable to the Swiss Unsecured Loans

On the Closing Date, the Issuer will advance the following loans to the Swiss SPV:

(a) a Swiss Franc denominated unsecured loan representing an economic interest in the Corvatsch Secured Loan (the "**Corvatsch Unsecured Loan**");

(b) a Swiss Franc denominated unsecured loan representing an economic interest in the Corviglia Secured Loan (the "**Corviglia Unsecured Loan**"); and

(c) a Swiss Franc denominated unsecured loan representing an economic interest in the Cinedome Secured Loan (the "**Cinedome Unsecured Loan**").

The Corvatsch Unsecured Loan, the Corviglia Unsecured Loan and the Cinedome Unsecured Loan are collectively referred to herein as the "**Swiss Unsecured Loans**" and each a "**Swiss Unsecured Loan**". In addition, the Corvatsch Unsecured Loan will include that portion of the related Corvatsch Unsecured Capex Advance that the Issuer may subsequently acquire and/or grant from time to time.

The terms of each Swiss Unsecured Loan will be documented in a loan agreement (each, a "**Swiss Unsecured Loan Agreement**") entered into on or about the Closing Date between, *inter alios*, the Swiss SPV and the Issuer. The Issuer will fund its advance of each Swiss Unsecured Loan on the Closing Date out of a portion of the issue proceeds of the Notes, after swapping such amount into Swiss Francs under the relevant Currency Swap Transaction.

The "**Related Swiss Secured Loan**" with respect to each Swiss Unsecured Loan means the following: with respect to the Corvatsch Unsecured Loan, the Corvatsch Secured Loan (and, with respect to the Corvatsch Unsecured Whole Loan, the Corvatsch Secured Whole Loan), with respect to the Corviglia Unsecured Loan, the Corviglia Secured Loan and with respect to the Cinedome Unsecured Loan, the Cinedome Secured Loan. The "**Related Swiss Unsecured Loan**" with respect to each Swiss Secured Loan means the following: with respect to the Corvatsch Secured Loan (and, with respect to the Corvatsch Secured Whole Loan, the Corvatsch Unsecured Whole Loan), the Corvatsch Unsecured Loan, with respect to the Corviglia Secured Loan, the Corviglia Unsecured Loan and, with respect to the Cinedome Secured Loan, the Cinedome Unsecured Loan. The Corvatsch Secured Loan, the Corviglia Secured Loan and the Cinedome Secured Loan are collectively referred to herein as the "**Swiss Secured Loans**".

Each Swiss Unsecured Loan represents an economic interest in a corresponding Swiss Secured Loan, with the amount of interest paid and principal repaid and other payments made in respect of a Swiss Unsecured Loan on any Payment Date being dependent upon the amount of interest and principal paid and repaid in respect of the related Swiss Secured Loan on the immediately previous Loan Payment Date, after the payment of certain expenses of the Swiss SPV which are met out of cashflow received in respect of the Swiss Secured Loans applied as set out in "*Application of Funds - The Swiss Accounts*".

The Swiss Unsecured Loans will not be the obligation or responsibility of any person other than the Swiss SPV. In particular, but without limitation, the Swiss Unsecured Loans will not be the

obligation or responsibility of, or be guaranteed by LBF, any of the Swiss SPV Creditors or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the Swiss SPV to make payments of any amounts due in respect of the Swiss Unsecured Loans.

Summary of Terms of the Swiss Unsecured Loans

The primary terms of the Swiss Unsecured Loans are set out below.

No Security

Each Swiss Unsecured Loan will be an unsecured obligation of the Swiss SPV. The Issuer, as lender of the Swiss Unsecured Loans, will therefore have neither a security interest in nor any other rights in respect of the Swiss Secured Loans or the Related Security (collectively, the "**Swiss Assets**"). However, as the Swiss Assets are the only assets of the Swiss SPV and, therefore, the only source of funds from which the Swiss SPV can meet its payment obligations under the Swiss Unsecured Loans, the Swiss SPV will covenant in each Swiss Unsecured Loan Agreement that it will exercise its powers and enforce its rights in respect of the relevant Swiss Assets in a manner which is consistent with achieving the maximisation of the proceeds of the Swiss Assets and that it will not act in a manner which is prejudicial to the interests of the lenders of the Swiss Unsecured Loans. In addition, pursuant to the terms of the Servicing Agreement, the Swiss SPV will consent to the relevant Servicer taking instructions from the Controlling Class of the Related Swiss Unsecured Loan (and, in certain circumstances, the B Piece Lender) when servicing each Swiss Secured Loan, as described more fully under "*Servicing*" below.

Events of Default

The obligation to repay the principal amount outstanding in respect of the Swiss Unsecured Loans can be accelerated by the Issuer, following the occurrence of an event of default under the Swiss Unsecured Loans (each a "**Swiss Unsecured Loan Event of Default**"). A Swiss Unsecured Loan Event of Default will occur under a Swiss Unsecured Loan if:

(a) subject to it having funds available for this purpose, the Swiss SPV defaults for a period of five days in the payment of any amount of interest on or the repayment of any amount of principal of the Swiss Unsecured Loan;

(b) subject to grace or cure periods, the Swiss SPV defaults in the performance or observance of any obligations under the terms and conditions of the Swiss Unsecured Loan or any of the transaction documents to which the Swiss SPV is a party; and

(c) certain insolvency related events occur in respect of the Swiss SPV.

Interest

Interest on each Swiss Unsecured Loan shall be payable on each Payment Date, on an available funds basis, in an amount equal to the Swiss SPV Interest Collections less costs and expenses of the Swiss SPV at such time, see "*Application of Funds - The Swiss Accounts"*.

Principal

Unless previously redeemed in full, each Swiss Unsecured Loan shall be redeemed at the Swiss Unsecured Loan Principal Amount Outstanding on the Loan Maturity Date for the Related Swiss Secured Loan, less any principal losses arising in respect of the Related Swiss Secured Loan. The "**Swiss Unsecured Loan Principal Amount Outstanding**" of a Swiss Unsecured Loan at any time will match the principal balance of the Related Swiss Secured Loan.

After the Loan Maturity Date for the Related Swiss Secured Loan, any principal amount outstanding on a Swiss Unsecured Loan shall be automatically extinguished after the related Swiss Assets have been liquidated by the Swiss SPV and the net proceeds have been distributed, so that the

lender or lenders, after such date, shall have no right to assert a claim against the Swiss SPV, regardless of the amounts that may remain unpaid after the Loan Maturity Date for the Related Swiss Secured Loan.

Each Swiss Unsecured Loan shall be subject to mandatory redemption in whole or in part in the event of any repayment or prepayment in whole or in part of a the Related Swiss Secured Loan, in an amount equal to the amount of such repayment or prepayment received by the Swiss SPV.

Each Swiss Unsecured Loan shall be subject to mandatory redemption in whole if the Related Swiss Secured Loan is repurchased or otherwise sold as a result of a material breach of a representation or warranty.

Each Swiss Unsecured Loan will be subject to redemption in whole, but not in part, if:

(a) the Swiss SPV satisfies the relevant lender that by virtue of a change in law from that which is in effect at the Closing Date, the Swiss SPV will be obliged to make any withholding or deduction for tax from payments in respect of such Swiss Unsecured Loan and such requirement cannot be avoided by the Swiss SPV taking reasonable measures available to it; or

(b) the Swiss SPV satisfies the relevant lender that by virtue of any change in law from that in effect on the Closing Date, any amount receivable by the Swiss SPV in relation to the Related Swiss Secured Loan or the Related Security is reduced or ceases to be receivable by the Issuer, whether or not actually received.

Such redemption will be subject to the Swiss SPV certifying to the to the Issuer that it will have sufficient funds available to it to discharge all liabilities in respect of or connected with the relevant Swiss Unsecured Loan.

Other amounts

If a Swiss Unsecured Loan is prepaid as a result of LBF repurchasing the Related Swiss Secured Loan as a result of the material breach of a representation or warranty, from the Swiss SPV pursuant to the Swiss Secured Loan Sale Agreement or as a result of the Borrower(s) under the Related Swiss Secured Loan prepaying the Related Swiss Secured Loan early, the Swiss SPV will be obliged, if required by the Issuer, to purchase from the Issuer the related Interest Rate Swap Transaction (if any), or procure that the same is purchased by LBF, and to make the Issuer whole for any fees, costs and expenses incurred by the Issuer in respect of the early repayment of the Swiss Unsecured Loan, including liquidity and administration costs in connection with the Swiss Unsecured Loan unpaid and accrued from the Closing Date up to, and including, the date of repurchase.

Tax

All payments by, or on behalf of, the Swiss SPV in respect of the Swiss Unsecured Loans shall be made free and clear of and without withholding or deduction for or on account of tax, except to the extent that the deduction or withholding is required by law. In the event that a withholding or deduction is imposed for or on account of tax, the Swiss SPV will not be obliged to pay additional amounts in respect of any such withholding or deduction so that the recipient of such payment will bear the risk of such deduction or withholding being imposed.

An application has been made on behalf of the Swiss SPV for an advance tax ruling from the Swiss Federal Tax Administration and the Zurich Cantonal Tax Administration, which is to confirm that, as a matter of Swiss law, no withholding or deduction will be imposed for or on account of tax in respect of payments to the Issuer under the Swiss Unsecured Loans as at the date of this Prospectus. Corresponding confirmations have been received on 15 March 2007 (as to the Swiss Federal Tax Administration) and 20 March 2007 (as to the Zurich Cantonal Tax Administration). This does not, however, preclude a tax liability arising in respect of the Swiss Unsecured Loans as a result of a change in law or if the Issuer ceases to be the sole holder of the Swiss Unsecured Loans.

As at the date of this Prospectus, the Issuer is beneficially entitled to all payments of interest and principal under the Swiss Unsecured Loans.

Governing Law

The Swiss Unsecured Loan Agreements shall be governed by and construed in accordance with English law.

Limited Recourse

Any claim that the Issuer or Subordinate Lenders have against the Swiss SPV in respect of a Swiss Unsecured Loan shall be limited to the value of the Related Swiss Secured Loan and the Related Security and amounts realised on enforcement in respect thereof. While no security has been granted by the Swiss SPV over the Swiss Assets, the proceeds of realisation of the Swiss Assets may, after paying or providing for all prior ranking claims of the Swiss SPV, be less than the principal amount outstanding in respect of the relevant Swiss Unsecured Loan. In such event, any shortfall in the principal amount outstanding under the relevant Swiss Unsecured Loan and any interest and other amounts due and payable with respect thereto will be extinguished. For the avoidance of doubt, no claim may be made on any other assets of the Swiss SPV. The Swiss SPV will have recourse against LBF with respect to any breach of the representations and warranties in the Swiss Loan Sale Agreement.

The Swiss SPV Intercompany Loan Agreement

The Issuer, the Note Trustee and the Swiss SPV will enter into an intercompany loan agreement (the " **Swiss SPV Intercompany Loan Agreement**") on or about the Closing Date, pursuant to which the Issuer will agree to advance funds to the Swiss SPV in the event that the Swiss SPV is required to make funds available to the Servicer to pay any Loan Protection Advances in relation to the Properties, or to meet its obligations to the Swiss SPV Creditors (other than payment obligations to the lenders under the Swiss Unsecured Loans).

THE ITALIAN ISSUER AND THE ITALIAN NOTES

The Italian Issuer

SPV Project 61 S.r.l. (the "**Italian Issuer**") is a limited liability company (*società a responsabilità limitata*) incorporated in Italy on 23 January 2006 under article 3 of Italian law No.130 of 30 April, 1999 (*disposizioni sulla cartolarizzazione dei crediti)*, as amended from time to time (the "**Italian Securitisation Law**"). The Italian Issuer is registered with the companies register of Rome under No. 0880931005, with the registered (*elenco generale*) held by *Ufficio Italiano dei Cambi*, pursuant to article 106 of Italian legislative decree No.385 of 1 September, 1993 (the "**Banking Act**") under No. 37773 and its tax identification number (*codice fiscale*) is 08830931005. Since the date of its incorporation, the Italian Issuer has not engaged in any business and will not engage in any business other than the purchase of the Italian Receivables, the entering into of the Italian Transaction Documents and the activities ancillary thereto and has not declared or paid any dividends or incurred any indebtedness, other than the Italian Issuer's costs and expenses of incorporation or otherwise pursuant to the Italian Transaction Documents. The registered office of the Italian Issuer is Via Guidubaldo del Monte 61, Rome, Italy. The duration of the Italian Issuer is established until 2100. The Italian Issuer has no employees.

The authorised equity capital of the Issuer is €10,000. The issued and paid-up equity capital of the Italian Issuer is €10,000. The sole quotaholder of the Italian Issuer is Stichting Project 71 (the "**Italian Issuer Parent**").

Principal activities

The principal corporate objectives of the Italian Issuer, as set out in article 2 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions and the issuance of asset-backed security pursuant to article 3 of the Italian Securitisation Law.

For as long as any of the Italian Notes remain outstanding, the Italian Issuer will not, without the consent of the Representative of the Italian Noteholders or as provided in the Terms and Conditions of the Italian Notes and the Italian Law Transaction Documents, incur any other financial indebtedness, engage in any activities except in accordance with the Italian Law Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person, or increase its equity capital.

The president of the board of directors of the Italian Issuer is Giuseppe Romano Amato.

The Italian Master Servicer and the Italian Special Servicer

Zenith Service S.p.A. will be appointed as the Italian Master Servicer and the Italian Special Servicer. Under the Servicing Agreement to which the Italian Issuer and the Italian Master Servicer and the Italian Special Servicer will accede to on or about the Italian Issue Date, the Italian Master Servicer and the Italian Special Servicer will agree to undertake the servicing of the Italian Loan.

General provisions applicable to the Italian Notes

The Italian Notes will be issued on the Italian Issue Date in principal amount of €131,555,314. The Italian Notes will be represented by physical registered certificates (*certificati nominativi*) as indicated in the Terms and Conditions of the Italian Notes. Title to the Italian Notes will at all times be evidenced on the certificate and the register.

By subscribing for the Italian Notes and for as long as it remains a holder of the Italian Notes, the Issuer will be bound by the Terms and Conditions of the Italian Notes.

The amount of interest paid and the principal repaid in respect of the Italian Notes on any Payment Date will be dependent upon the amount of interest paid and principal repaid in respect of

the Italian Loan during the relevant Collection Period immediately preceding such Payment Date, the amount of the Italian Issuer Fee paid by the Issuer, interest received in respect of amounts standing to the credit of the Italian Transaction Account and the interest element of any Eligible Investments made by or on behalf of the Italian Issuer.

The Italian Notes will not be the obligation or responsibility of any person other than the Italian Issuer. In particular, but without limitation, the Italian Notes will not be the obligation or responsibility of, or be guaranteed by Bankhaus Milan, the Italian Master Servicer, Italian Special Servicer, the Italian Corporate Services Provider, the Representative of the Italian Noteholders, the Italian Paying Agent, the Italian Issuer Parent, the Cash Manager or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the Italian Issuer to make payments of any amounts due in respect of the Italian Notes.

Summary of Terms and Conditions of the Italian Notes

Form, Denomination and Title

The Italian Notes will be represented by physical registered certificate (*certificato nominativo*) as indicated in the Terms and Conditions of the Italian Notes. Title to the Italian Notes will at all times be evidenced on the certificate and the register.

Interest

Interest on the Italian Notes will be payable on each Payment Date on an available funds basis in an amount equal to all amounts, other than in respect of principal, received under the Italian Loan including any amount in respect of amounts standing to the credit of the Italian Transaction Account and the interest element of any Eligible Investments made by or on behalf of the Italian Issuer.

Redemption and Cancellation

Unless previously redeemed in full, the Italian Notes will be redeemed in full at the Italian Notes Principal Amount Outstanding on the Italian Note Maturity Date, less any principal losses arising in respect of the Italian Loan. The "**Italian Note Principal Amount Outstanding**" at any time is the nominal amount of the Italian Notes on the Italian Issue Date less any amounts of principal prepaid thereon from time to time.

The Italian Notes will be subject to mandatory redemption in part on each Payment Date to the extent that there is Italian Available Principal available for such purpose.

The Italian Notes will also be mandatorily redeemed in full if:

(a) by virtue of a change in law after the Italian Issue Date, payments on the Italian Notes become subject to any withholding or deduction for tax (with the exception of any tax imposed as a result of Decree 239 (as defined below)); or

(b) by virtue of a change in law after the Italian Issue Date, the amounts receivable by the Italian Issuer under or in respect of the Italian Loan are reduced for or on account of any taxes, duties, governmental charges and all interest payments and penalties connected thereto,

subject to the Italian Issuer having sufficient funds available to it to discharge all liabilities connected with the Italian Notes.

The Italian Notes will, when redeemed in full, be cancelled and may not be resold or reissued.

Calculation and application of funds

In respect of the Italian Notes, the Cash Manager will, five Business Days prior to each Payment Date or on any other day on which the Italian Issuer is obliged to make a payment in accordance with the Italian Priority of Payments, instruct the Italian Account Bank:

(a) to pay the Italian Revenue Priority Amounts as and when they fall due;

(b) to apply the Italian Available Issuer Income (if any) then available in accordance with the Italian Revenue Priority of Payments; and

(c) to apply the Italian Available Principal (if any) then available in or towards repayment of the principal amount outstanding of the Italian Notes.

Italian Issuer Event of Default

An "**Italian Issuer Event of Default**" will occur in the event of, *inter alia*, any of the following:

(i) insolvency of the Italian Issuer; or

(ii) non-payment of principal or interest under the Italian Notes; or

(iii) breach of any representation or warranty as set out under the Terms and Conditions of the Italian Notes by the Italian Issuer.

On the occurrence of an Italian Issuer Event of Default the Representative of Italian Noteholders is entitled to serve an acceleration notice (the "**Italian Issuer Acceleration Notice**") on the Italian Issuer. Following service of an Italian Issuer Acceleration Notice the Representative of the Italian Noteholders is entitled to enforce the Italian Notes Security.

Tax treatment of the Italian Notes

Italian legislative decree No.239 of 1 April, 1996, as subsequently amended ("**Decree 239**"), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies incorporated pursuant to the Italian Securitisation Law, provided that the notes are issued for an original maturity of not less than 18 months. The Italian Notes will have a maturity in excess of 18 months.

Tax

All payments by, or on behalf of, the Italian Issuer in respect of the Italian Notes shall be made free and clear of and without withholding or reduction for or on account of any present or future taxes, duties or charges whatsoever other than any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree 239 or any withholding or deduction required to be made by applicable law. Neither the Italian Issuer nor any other person shall be obliged to pay any additional amount to the Issuer as holder of the Italian Notes on account of such withholding or deduction.

Early Redemption

The Italian Notes may only be redeemed within 18 months of the Italian Issue Date with the consent of the Representative of the Italian Noteholders. In the event that the Italian Notes are redeemed in whole or in part for any reason prior to 18 months from the Italian Issue Date, the Italian Issuer will be required to pay a tax equal to 20 per cent. of the interest and other amounts accrued on the principal redeemed from the date of the issue up to the time of the early redemption. Such payment would be made by the Italian Issuer, however, and would affect the amounts to be received by the Issuer as Italian Noteholder by way of interest or other amounts, if any, under the Italian Notes. (See "*Risk Factors - Considerations Related to the Relevant Jurisdictions - Italy - Early Redemption of the Italian Notes*".)

Italian Issuer Fee

In partial consideration for the Italian Notes, the holder of the Italian Notes will pay the Italian Issuer certain fees, the "**Italian Issuer Fees**", which will be, in aggregate, an amount equal to the costs and ongoing expenses due and payable by the Italian Issuer on a Payment Date in connection with the Italian Notes (save that in respect of the application of any amounts received by way of Italian Issuer RC Fees on such date, amounts equal to the then Italian Issuer RC Fee will only be applied in meeting amounts falling due under items (a), (c) and (e) of the Italian Revenue Priority of Payments), for as long as the Issuer is the holder of the Italian Notes. If such Italian Issuer Fees, in accordance with the then applicable Italian Issuer Priority of Payments are financed by the Issuer by way of Available Interest Collections, such fees are referred to herein as "**Italian Issuer RC Fees**" and if such Italian Issuer Fees are financed by way of Available Principal Collections, then such fees are referred to herein as "**Italian Issuer PC Fees**". The Issuer, as initial holder of the Italian Notes will pay the Italian Issuer Fees on any such Payment Date. Any amount due in respect of the Italian Issuer Fee may be set off against amounts owed to the holder of the Italian Notes by the Italian Issuer.

Limited Recourse

Any claim that the Issuer as holder of the Italian Notes has against the Italian Issuer in respect of the Italian Notes will be limited to the value of the Italian Related Security and amounts realised on enforcement of security granted in respect thereof. The proceeds of realisation of the Italian Security may, after paying or providing for all prior ranking claims of the Italian Issuer, be less than sums due to the Issuer as holder of the Italian Notes. In the event that the proceeds of such enforcement are insufficient, the Italian Issuer's obligation to pay such amounts will be extinguished and the Issuer will have no further claim against the Italian Issuer in respect of such unpaid amounts.

The Italian Notes are intended to operate as pass-through instruments enabling amounts received by the Italian Issuer under the Italian Loan and the Italian Related Security and amounts standing to the credit of the Italian Transaction Account and Eligible Investments made by or on behalf of the Italian Issuer (less a certain amount towards administrative expenses and security costs) to be passed through to the holders of the Italian Notes.

Non-petition

Without prejudice to the right of the Representative of the Italian Noteholders to enforce the Italian Notes Security or to exercise any of its other rights, no Italian Noteholder shall be entitled to institute against the Italian Issuer, or join any other person in instituting against the Italian Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings until six months plus one day has elapsed since the later of the date on which the Italian Notes have been redeemed in full and the Italian Note Maturity Date (the "**Italian Cancellation Date**") and the day on which the Italian Notes have been paid in full or the Italian Notes have been cancelled. The Italian Notes shall be governed by and construed in accordance with the Italian law.

The Italian Issuer Deed of Pledge

On or about the Italian Issue Date, the Italian Issuer will execute a deed of pledge (the "**Italian Issuer Deed of Pledge**") pursuant to which the Italian Issuer will create in favour of the Representative of the Italian Noteholders for itself and in the name and on behalf of Italian Issuer Secured Creditors concurrently with the issue of the Italian Notes, a pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Italian Issuer is entitled from time to time pursuant to the Italian Receivables Purchase Agreement, the Italian Agency Agreement, the Italian Intercreditor Agreement, the Italian Corporate Services Agreement and the Italian Mandate Agreement. The Italian Issuer Deed of Pledge is governed by Italian law.

The Italian Issuer Deed of Charge

On or about the Italian Issue Date the Italian Issuer will execute a deed of charge (the "**Italian Issuer Deed of Charge**" and the security created thereunder, together with the security created under the Italian Deed of Pledge, the "**Italian Notes Security**") pursuant to which the Italian Issuer will grant in favour of the Representative of the Italian Noteholders for itself and as trustee for the benefit of the Italian Noteholders and the other Italian Issuer Secured Creditors, *inter alia*:

(a) an English law assignment by way of first fixed security of all of the Italian Issuer's rights under the Servicing Agreement and the Cash Management Agreement and all other contracts, agreements, deeds and documents, present and future, governed by English law to which the Italian Issuer may become a party in relation to the Italian Notes and the Italian Receivables;

(b) a first fixed charge over its rights and monies standing to the credit of the Italian Transaction Account;

(c) a first fixed charge over its interest in any Eligible Investments made by or on behalf of the Italian Issuer; and

(d) a first floating charge by way of further security over all of the whole of the Italian Issuer's undertaking and all its property rights and assets which will rank in point of priority behind all fixed security granted in favour of the Representative of the Italian Noteholders.

The Italian Issuer Deed of Charge is governed by English law.

The Italian Mandate Agreement

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

The Italian Agency Agreement

Pursuant to the terms of an agency agreement executed on or around the Italian Issue Date between the Italian Issuer, the Italian Paying Agent and the Representative of the Italian Noteholders (the "**Italian Agency Agreement**) the Italian Agent will provide the Italian Issuer with certain agency services in respect of its payment obligations under the Italian Notes. The Italian Agency Agreement is governed by Italian law.

THE LOAN SALE AGREEMENTS

The Loan Sale Agreements

The Master Loan Sale Agreement

On or about the Closing Date, Bankhaus London, LCPI, LBF and the Note Trustee (among others) will enter into a loan sale agreement predominantly governed by English law, (the "**Master Loan Sale Agreement**"), pursuant to which:

(a) LBF will acquire the Bridge Whole Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan and the Tresforte Loan from LCPI on the Closing Date;

(b) the Issuer will in turn acquire the Bridge Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan and the Tresforte Loan from LBF in consideration for the payment of €631,549,177 (the "**LBF Initial Purchase Price**") by the Issuer to LBF on the Closing Date;

(c) the Issuer will acquire the E-Shelter Loan, the Woolworth Boenen Loan, the Tour Esplanade Loan, the Grazer Damm 2 Loan, the Falcon Crest Loan and the Built Loan from Bankhaus London in consideration for the payment of €547,281,756 (the "**Bankhaus London Initial Purchase Price**") by the Issuer to Bankhaus London on the Closing Date. In particular, the transfer of the Tour Esplanade Loan contemplated by the Master Loan Sale Agreement will be effected in France on the Closing Date by an assignment of the receivables arising under the Tour Esplanade Loan from Bankhaus London to the Issuer in accordance with article 1690 of the French *Code civil* (the "**French Civil Code**"), and such assignment will be notified (*signifié*) to the Tour Esplanade Borrower. An assignment of rights made pursuant to article 1690 of the French Civil Code gives rise to automatic transfer to the assignee of the accessory rights attaching to the loan, including all relevant mortgages; and

(d) on each Payment Date, the Issuer will pay deferred consideration:

  (i) to LBF, in an amount equal to any Prepayment Fees and/or Extension Fees received in respect of the Bridge Loan, the Thunderbird Loan, the Firebird Loan, the Lightning Dutch Loan and the Tresforte Loan;

  (ii) to Bankhaus London, in an amount equal to any Prepayment Fees and/or Extension Fees received in respect of the Woolworth Boenen Loan, the Tour Esplanade Loan, the E-Shelter Loan, the Grazer Damm 2 Loan, the Falcon Crest Loan and the Built Loan,

and, in addition, pursuant to the terms of the Master Loan Sale Agreement and the Subscription Agreement, the Issuer will deliver the Class X Note to or to the order of LBF and Bankhaus London, together the "**Deferred Consideration**".

Following the assignment of the Loans described above to the Issuer, the original loan and security documents (save for the French Loan and the Italian Loan) will be held by or on behalf of the relevant Security Agent for the benefit of the Issuer. All underwriting and arrangement fees in connection with such Loans have been retained by LCPI or, as applicable, Bankhaus London pursuant to the terms of the Master Loan Sale Agreement.

With respect to the French Loan, the Security Agent will be appointed by the Issuer to act as its agent (*mandataire*) under and in connection with the security granted by the Tour Esplanade Borrower and each other relevant security provider under the French Loan.

The Italian Receivables Purchase Agreement

On the Italian Issue Date, the Italian Issuer and Bankhaus Milan will (among others) enter into an Italian law receivables purchase agreement (the "**Italian Receivables Purchase Agreement**") pursuant to which Bankhaus Milan will sell and the Italian Issuer will purchase the

Fortezza Loan Portfolio from Bankhaus Milan together with the security granted in respect of the Fortezza Loan Portfolio in consideration for the payment by the Italian Issuer to Bankhaus Milan of:

(a) on the Italian Issue Date, €131,555,314 (the "**Italian Initial Purchase Price**"); and

(b) on each Payment Date, deferred consideration, which consideration includes, *inter alia*, any Prepayment Fees received in respect of the Fortezza Loan Portfolio (the "**Italian Deferred Consideration**").

The Original Swiss Loan Sale Agreement and the Swiss Loan Sale Agreement

On or about the Closing Date, LCPI and LBF, amongst others, will enter into a loan sale agreement (the "**Original Swiss Loan Sale Agreement**") and a Swiss law governed transfer and assignment agreement (the "**Original Swiss Security Transfer and Assignment Agreement**"), pursuant to which LCPI will sell to LBF its benefit, right and interest in and to the Swiss Secured Loans and the Related Security. Furthermore, on or about the Closing Date, LBF will in turn transfer to the Swiss SPV its right, title, interest and benefit in and to the Swiss Secured Loans and the Related Security pursuant to a further Swiss loan sale agreement (the "**Swiss Loan Sale Agreement**") and a further Swiss law governed transfer and assignment agreement (the "**Swiss Security Transfer and Assignment Agreement**") and in consideration for the payment by the Swiss SPV to LBF of:

(a) on the Closing Date, CHF 197,208,448 (the "**Swiss Initial Purchase Price**"); and

(b) on each Payment Date, deferred consideration in an amount equal to:

(i) any Prepayment Fees received in respect of the Swiss Secured Loans; and

(ii) any Extension Fees received in respect of the Swiss Secured Loans,

together, the "**Swiss Deferred Consideration**".

LCPI's interest and subsequently LBF's interest in the Swiss Mortgage Notes will also be transferred to the Swiss SPV pursuant to the terms of the Original Swiss Security Transfer and Assignment Agreement and the Swiss Security Transfer and Assignment Agreement.

All underwriting and arrangement fees have been retained by LCPI pursuant to the terms of the Original Swiss Loan Sale Agreement.

Calculation of Deferred Consideration, Italian Deferred Consideration and Swiss Deferred Consideration

Pursuant to the terms of the Master Loan Sale Agreement, the Italian Receivables Purchase Agreement and the Swiss Loan Sale Agreement, the amount of: (i) Deferred Consideration payable to LBF or, as applicable, Bankhaus London (or any other person or persons otherwise entitled thereto); (ii) Italian Deferred Consideration payable to Bankhaus Milan (or any other person or persons otherwise entitled thereto); and (iii) Swiss Deferred Consideration payable to LBF (or any other person or persons otherwise entitled thereto), on any Payment Date will be calculated in respect of the Collection Period ending immediately prior to such Payment Date and will be equal (in aggregate) to the amount of any Prepayment Fees and Extension Fees received in respect of the Loans during such Collection Period. Deferred Consideration, Italian Deferred Consideration and Swiss Deferred Consideration will, pursuant to the terms of the Master Loan Sale Agreement, the Italian Receivables Purchase Agreement and the Swiss Loan Sale Agreement, by payable to LBF, Bankhaus London or, as applicable, Bankhaus Milan (or any other person or persons otherwise entitled thereto) irrespective of whether or not the Issuer Security and/or the Italian Security has been enforced at such time.

The relevant Master Servicer or, as applicable, the relevant Special Servicer may, on behalf of the Issuer, the Italian Issuer or, as applicable, the Swiss SPV, waive the payment of any Prepayment Fees if instructed to do so by the relevant Originator.

Representations and Warranties of the Originators; Cures and Repurchases

The Originators and LBF will make certain representations and warranties pursuant to the terms of the Loan Sale Agreements in respect of the Loans. The representations and warranties are made (i) as at the Closing Date or, (ii) in the case of the Italian Receivables Purchase Agreement, the date thereof and repeated on the Italian Issue Date, as applicable and (iii) in the case of the Capex Advances, on the date thereof and at any time on which a Capex Advance is purchased by the Issuer and are not repeated at any time thereafter. The Issuer, the Swiss SPV and the Italian Issuer therefore bear the risk of any representation or warranty becoming untrue after such date. The Issuer, the Swiss SPV and the Italian Issuer have not made, nor will they make, any inquiry, search or investigation with respect to the origination of the Loans by the Originators or the purchase of any LCPI Loan by LBF. The representations and warranties given by LCPI and LBF in respect of the LCPI Loans, the representations and warranties given by Bankhaus London in respect of the Bankhaus Originated Loans and Bankhaus Milan in respect of the Bankhaus Italian Loan (save as disclosed by LCPI, LBF, Bankhaus London and Bankhaus Milan, as applicable, to the Issuer, the Swiss SPV and the Italian Issuer, as applicable) include representations to the effect described below:

(a) the information regarding each Loan set forth in this Prospectus is complete, true and accurate in all material respects as at the Closing Date;

(b) in the case of all Loans, the relevant Originator is the legal and beneficial owner of the Loans, free and clear of all encumbrances having priority over or on a parity with the first ranking security of the mortgage (in relation to the German Properties first ranking in section III (*Abteilung 3*) of the land register and except for one property in relation to the Thunderbird Loan) ("**Encumbrances**") and each Loan may be validly assigned;

(c) subject only to registration at the relevant land registry, the relevant Security Agent holds the relevant mortgage on behalf of the Finance Parties free and clear of all encumbrances, claims and equities and there were at the time of completion of the relevant mortgage no adverse entries and encumbrances or applications for adverse entries of encumbrances against any title to any Property which would rank in priority to the relevant Security Agent's interest therein (except as otherwise disclosed in this Prospectus);

(d) the relevant Originator (and, as applicable, LBF) is not aware of any litigation or claim calling into question in any material way the Originator's (and/or, as applicable, LBF's) title to any Loan;

(e) in the case of all Loans, each Loan may be validly assigned to the Issuer, the Swiss SPV, the Italian Issuer and/or, as applicable, the Note Trustee and the assignment to the Issuer, the Swiss SPV or the Italian Issuer, as applicable shall be legal, valid and binding on the relevant Originator (and, as applicable, LBF);

(f) the Loans do not contain obligations on the relevant Originator to make any further advances and no part of any advance has been retained by the relevant Originator pending compliance by a Borrower with any conditions (other than, in respect of any Capex Advances, in relation to the Firebird Loan, the Thunderbird Loan, the E-Shelter Loan, the Corvatsch Secured Loan or the Tour Esplanade Loan);

(g) subject to registration at the relevant land registry, each Borrower has registered title to the relevant Properties or a valid long lease thereof and is the legal owner of all Properties;

(h) subject to the court's discretion in respect of enforcement of equitable remedies, laws relating to insolvency, stamp duty indemnity provisions, time barring of claims and defences of set-off and counterclaim (the "**Reservations**"), each Loan Agreement and related security

document is legal, valid and binding on the relevant Borrower or Mortgagor, as appropriate, and is enforceable in accordance with its terms;

(i) subject to completion of registration at the relevant land registry the first ranking mortgages over the German Properties, the Dutch Properties, the Swiss Properties, the Italian Properties and the French Property are legal, valid and binding first ranking mortgages (and, in the case of the French Property, first ranking and second ranking mortgages) over the relevant Property, free and clear of all encumbrances having priority over or on a parity with the first ranking mortgage (except as otherwise disclosed in this Prospectus);

(j) no obligor is entitled to exercise any right of set-off or counterclaim against the relevant Originator in respect of any amount that is payable by it to the Originator under the relevant Loan Agreement;

(k) all necessary stamp duty, land registry, registration dues and all other taxes and fees required to be paid in connection with the transfer of any Property into the name of the relevant obligor or the registration or perfection of the legal title to the security in respect thereof have been paid or have been provided for;

(l) to the best of the relevant Originator's knowledge, there is no proceeding pending for the compulsory purchase of all or any material portion of any Property which, if adversely determined, would have a material adverse effect;

(m) to the best of the relevant Originator's knowledge, as at the Closing Date, all insurance required under the Loan Agreements is in all material respects in full force and effect with respect to each Property;

(n) to the relevant Originator's actual knowledge, there are no liquidation, receivership or administration or any similar proceedings in respect of any obligor under any Loan Agreement; and

(o) to the best of the relevant Originator's knowledge, there is no material breach or material violation under any Loan Agreement which has not been remedied, cured or waived (in circumstances where a prudent lender of money secured on real estate acting reasonably would have granted such a waiver).

If any of the representations and warranties made by:

(a) LBF or Bankhaus London to the Issuer;

(b) Bankhaus Milan to the Italian Issuer; or

(c) LBF to the Swiss SPV,

are untrue as at the Closing Date (or, in the case of Bankhaus Milan, as at the date of the Italian Receivables Purchase Agreement and the Italian Issue Date) and that breach materially and adversely affects the interests of any class of Noteholders, then LBF, Bankhaus London or, as applicable, Bankhaus Milan will be required either:

(i) to remedy that breach, in all material respects, or

(ii) to repurchase the affected Loan at a price generally equal to the aggregate outstanding principal amounts under the relevant Loan together with all interest thereon and costs up to the date of the repurchase, together with any Liquidation Fee payable on the repurchased Loan.

Each of LBF, Bankhaus London and Bankhaus Milan is required to remedy or repurchase/purchase within 90 days following the earlier of its discovery of such breach or its receipt of notice from the Issuer, the Swiss SPV or the Note Trustee or the Representative of the Italian

Noteholders, as applicable of the material breach. However, if it is diligently attempting to remedy the breach, then it will be entitled to an additional 90 days to complete the remedy or repurchase. Simultaneous with the repurchase/purchase of a Loan, the Issuer will terminate and cause the reissuance of, or novate, to LBF, Bankhaus London or, as applicable, Bankhaus Milan, a corresponding portion of the transaction(s) under the relevant Swap Agreements.

The cure/repurchase/purchase obligations of LBF, Bankhaus London and Bankhaus Milan described above will constitute the sole remedy available to the Issuer, the Swiss SPV and the Italian Issuer, as applicable, in connection with a breach of any representations or warranties with respect to any Loan. No other person will be obliged to repurchase/purchase any affected Loan if LBF, Bankhaus London or, as applicable, Bankhaus Milan defaults in its obligations to do so. There can be no assurance that LBF, Bankhaus London or, as applicable, Bankhaus Milan will have sufficient assets to repurchase a Loan if required to do so.

SERVICING OF THE LOANS

General

The Servicing Agreement

The servicing and administration of the Loans (and any related B Pieces) and the Related Security will be governed pursuant to the terms of a master servicing agreement dated on or about the Closing Date (the "**Servicing Agreement**") between the General Master Servicer, the General Special Servicer, the French Master Servicer, the French Special Servicer, the Note Trustee, the Issuer, the Swiss SPV, the Security Agents and the then B Piece Lenders. In addition, in accordance with the terms of the Servicing Agreement, the Italian Master Servicer, the Italian Special Servicer, the Representative of the Italian Noteholders and the Italian Issuer will accede to the terms of the Servicing Agreement on or about the Italian Issue Date.

For the purposes of this Prospectus, references to a "**Master Servicer**" or a "**Special Servicer**" shall mean: (i) with respect to the French Loan, the French Master Servicer and the French Special Servicer, respectively; (ii) with respect to the Italian Loan, the Italian Master Servicer and the Italian Special Servicer, respectively; and (iii) with respect to each other Loan, the General Master Servicer and the General Special Servicer, respectively (and references herein to "**Master Servicers**" shall mean, collectively, the General Master Servicer, the French Master Servicer and the Italian Master Servicer and references to "**Special Servicers**" shall mean, collectively, the General Special Servicer, the French Special Servicer and the Italian Special Servicer).

Pursuant to the terms of the Servicing Agreement, the relevant Master Servicer and the relevant Special Servicer must service and administer the Loans for which they are responsible in accordance with:

(a) any and all applicable laws;

(b) the express terms of the Servicing Agreement;

(c) the express terms of any applicable Intercreditor Agreement;

(d) the express terms of the Loans; and

(e) to the extent consistent with the foregoing, the Servicing Standard.

The Servicing Standard

The "**Servicing Standard**" requires the Master Servicers and, as applicable, the Special Servicers to perform their servicing functions in the best interests of and for the benefit of the Issuer, the Italian Issuer, the Swiss SPV and, as applicable, the B Piece Lenders (as determined in the good faith and reasonable judgement of the relevant Master Servicer or as applicable Special Servicer) as a collective whole, in accordance with the terms of any and all applicable laws, the related loan documents, the Servicing Agreement, and the relevant intercreditor agreements and in furtherance thereof, in accordance with the higher of:

(a) in the same manner in which, and with the same care, skill and diligence with which it and a reasonably prudent lender of money secured by mortgages over commercial property services and administers similar commercial mortgage loans for other third-party portfolios; and

(b) the same care, skill and diligence which it and a reasonably prudent lender of money secured by mortgages over commercial property would use if it were the owner of the Loans,

in each case, giving due consideration to the timely collection of all scheduled payments of principal and interest under the Loans (or Whole Loans, as the case may be) or, if a Loan (or Whole Loan, as the case may be) comes into and continues in default, and if in the good faith and reasonable judgement of the Special Servicer, no satisfactory arrangements can be made for the collection of

delinquent payments, the maximisation of the recovery on the Loans (or Whole Loans, as the case may be) to the Issuer, the Swiss SPV, the Italian Issuer and, as applicable, the B Piece Lenders (as a collective whole, but, in the case of any B Pieces, taking into account the subordination of the B Pieces to the A Pieces which may result in a loss being suffered by the B Piece Lenders in circumstances where the Issuer or, as applicable, the Swiss SPV, suffer no loss or a lesser loss) on a net present value basis, but, in either case, without regard to any potential conflicts of interest of the Master Servicer or the Special Servicer.

Role of the Master Servicer and the Special Servicer

Specially Serviced Loans

As from the Closing Date and in accordance with and pursuant to the terms of the Servicing Agreement, the Master Servicers will initially be responsible for the servicing and administration of all of the Loans.

Effect of a Servicing Transfer Event

However, if:

(a) any scheduled repayment of a Loan or a B Piece (other than any final payment due and payable on such Loan) is more than 60 days delinquent;

(b) there is a payment default on the Loan Maturity Date of a Loan or a B Piece;

(c) any Borrower experiences certain insolvency events;

(d) the relevant Master Servicer has received notice of the foreclosure or proposed foreclosure on a Property;

(e) there is, to the knowledge of the relevant Master Servicer a material default on a Loan or a B Piece or a material default is imminent on a Loan or a B Piece which in the opinion of the relevant Master Servicer is not likely to be cured by the relevant Borrower within 60 days after such default; or

(f) any other default occurs that, in the reasonable judgment of the relevant Master Servicer (acting in good faith), materially impairs, or could materially impair, the use or marketability of any related Property or the value thereof as security for such Loan or B Piece,

(each, a "**Servicing Transfer Event**"), the Controlling Class (in accordance with Condition 3 (*Status, Security and Priority*)) will be entitled to appoint a Controlling Class Representative. Upon the appointment of a Controlling Class Representative by the Controlling Class, the Issuer, the Master Servicers and the then Special Servicers, together with the Security Agents, the B Piece Lenders and the Note Trustee will be required, pursuant to the terms of the Servicing Agreement, to use all reasonable endeavours to enable the Controlling Class Representative to accede to the Servicing Agreement. In the case of the Italian Loan, for as long as the Issuer is the holder of the Italian Notes, the Controlling Class will be permitted to instruct the Issuer (who will be contractually required to instruct the Representative of the Italian Noteholders) to act in accordance with the instructions of the Controlling Class Representative. In consideration of the Issuer and the relevant B Piece Lender (if applicable) advancing each Swiss Unsecured Loan and Corvatsch Capex B Piece (if applicable), the Swiss SPV will agree in the Servicing Agreement that the relevant Servicer shall service the Swiss Secured Loans and the Related Security therefor in accordance with the directions of the Controlling Class and/or the relevant B Piece Lender (if applicable) in certain circumstances, as described more fully herein.

Upon the Controlling Class Representative becoming a party to the Servicing Agreement, the Controlling Class Representative will be entitled to (on behalf of the Controlling Class), directly or indirectly, confirm the appointment of the then relevant Special Servicer (and the applicable Delegate Special Servicer) in respect of such Loan or, at its discretion, appoint an alternative entity,

who satisfies the requirements set out in the relevant Servicing Agreement for a Special Servicer, as an alternative to such Special Servicer (and/or such Delegate Special Servicer) in respect of such Loan (and at such time the then relevant Special Servicer (and/or the applicable Delegate Special Servicer) will resign as a Special Servicer (and/or as a Delegate Special Servicer, as applicable) in respect of such Loan). The rights of the Controlling Class to appoint a Special Servicer (and/or the applicable Delegate Special Servicer) in respect of a Loan are however subject to the rights given to the B Piece Lenders under the relevant intercreditor agreements.

Upon the occurrence of a Servicing Transfer Event and until such time as a Controlling Class Representative is appointed by the Controlling Class and such Controlling Class Representative becomes a party to the Servicing Agreement, the entity that is then the current relevant Special Servicer will be required pursuant to the terms of the Servicing Agreement to formally assume special servicing duties in respect of such Loan and its related B Piece (if any) as the relevant Special Servicer (and will continue to act as a Special Servicer and be entitled to any fees payable to a Special Servicer under the Servicing Agreement until the Controlling Class Representative requires the replacement of such Special Servicer in respect of the relevant Loan or the Servicing Transfer Event no longer remains in effect).

Upon the earlier to occur of:

(a) the confirmation, or as the case may be, appointment of the relevant Special Servicer at the direction of the Controlling Class Representative; or, as the case may be

(b) the assumption by the entity that is then the current relevant Special Servicer of the special servicing duties of such Special Servicer,

the Loan that is the subject of the Servicing Transfer Event will become classified as a "**Specially Serviced Loan**".

The Loan shall cease to be a Specially Serviced Loan (such a Loan, a "**Corrected Loan**") upon the occurrence of any of the following events (each a "**Correction Event**"):

(i) if (i) an event of default specified in paragraph (a) above has occurred, (ii) such event of default has not, up until (but excluding) that time, been remedied and (iii) as of that time such event of default is remedied and the Loan performs in accordance with its original terms; or

(ii) if (i) an event specified in paragraph (b), (c), (d), (e) and/or (f) above has occurred, (ii) such event has not, up until (but excluding) that time, been remedied and (iii) as of that time, such event of default has been remedied, cured or otherwise resolved.

A Corrected Loan may subsequently become a Specially Serviced Loan following the occurrence of a further Servicing Transfer Event.

Ongoing duties of the relevant Master Servicer in relation to Specially Serviced Loans

Notwithstanding the appointment of a Special Servicer, the relevant Master Servicer will be required to collate information and pass on all reports required to be passed on by it pursuant to the terms of the Servicing Agreement, which may include reports and information regarding Specially Serviced Loans (such reports in respect of any Specially Serviced Loan will be prepared by the relevant Master Servicer based on information provided by the Special Servicer). Neither the relevant Master Servicer nor the relevant Special Servicer will have responsibility for the performance by the other of its obligations and duties under the Servicing Agreement.

Rights and Powers of the Controlling Class Representative

Upon the Controlling Class Representative acceding to the terms of the Servicing Agreement, the then Special Servicer of such relevant Specially Serviced Loan is required to seek the advice of,

subject to the following paragraphs, the Controlling Class Representative in relation to the following matters (other than in circumstances where only the relevant B Piece Lender is the party entitled to direct the then Special Servicer with respect to such matters pursuant to the relevant Intercreditor Agreement):

(a) any enforcement of a Specially Serviced Loan and the appointment of a receiver in relation to a Specially Serviced Loan and its Related Security;

(b) any modification, amendment or waiver of a monetary term, including the timing of payments, or any material non-monetary term of a Specially Serviced Loan;

(c) any release of any security for a Specially Serviced Loan (regardless of whether such released security is substituted with alternative security), other than in accordance with the terms of, or upon satisfaction of, that Specially Serviced Loan; and

(d) the release or novation of any Borrower's or Mortgagor's obligations under a Loan Agreement applicable to a Specially Serviced Loan.

The relevant Special Servicer is required to notify the Controlling Class Representative in advance of any action it intends to take with regard to the matters set out above. In general, the relevant Special Servicer is not permitted to take any actions to which the Controlling Class Representative objects in writing within five Business Days of having been notified of the particular action and having been provided with all reasonably requested information with respect to the particular action. However, if the relevant Special Servicer determines in accordance with the Servicing Standard that immediate action is necessary to protect the interest of the the Issuer, the Swiss SPV, the Italian Issuer and, as applicable, the B Piece Lenders (as a collective whole), the relevant Special Servicer is permitted to take whatever action it reasonably considers necessary, without waiting for the Controlling Class Representative's response. If the relevant Special Servicer does take any such action without waiting, it is required to notify the Controlling Class Representative of the action taken as soon as reasonably practicable and is further required to take due account of any representations made by the Controlling Class Representative regarding any further action that it considers should be taken in the interests of the Controlling Class. In addition and subject to the following paragraph, the relevant Controlling Class Representative may, in relation to any Specially Serviced Loan, advise the relevant Special Servicer to take, or to refrain from taking, such actions as the Controlling Class Representative may deem advisable or as to which provision is otherwise made pursuant to the Servicing Agreement.

Notwithstanding the foregoing, no advice, consultation, representation or objection given or made by the Controlling Class Representative may require or cause the relevant Special Servicer to violate any provision of the Servicing Agreement or to service a Specially Serviced Loan other than in accordance with the Servicing Standard. Furthermore, the relevant Special Servicer will not be obliged to seek approval from the Controlling Class Representative for any actions to be taken by such Special Servicer with respect to any particular Specially Serviced Loan if such Special Servicer has, as described above, notified the Controlling Class Representative in writing of the actions that it proposes to take with respect to the Specially Serviced Loan in question, and for 30 days following the first of those notices, the Controlling Class Representative has objected to all of those proposed actions but has failed to suggest any alternative actions that the relevant Special Servicer considers to be consistent with the Servicing Standard.

Liability of the Controlling Class Representative

Pursuant to the terms of the Servicing Agreement and Condition 3(c) (*Special Servicer*), the Controlling Class Representative:

(a) may act solely in the interests of the Controlling Class;

(b) does not have any responsibilities to any Noteholders other than the Controlling Class;

(c) may take actions that favour the interests of the Controlling Class over the interests of the other Noteholders;

(d) will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Controlling Class;

(e) will have no liability whatsoever for having acted solely in the interests of the Controlling Class, and no holder of any class of Notes may take any action whatsoever against the Controlling Class Representative for having so acted; and

(f) may have special relationships and interests that conflict with the holders of one or more classes of the Notes.

Loan Protection Advances

If, on any date, any Borrower has failed to pay on a timely basis any insurance premia, taxes or ground rents in relation to the Properties (other than the French Property, in respect of which the following is applicable only to payments of insurance premia and payments of taxes), then in accordance with the terms of the Servicing Agreement, the relevant Master Servicer or, as the case may be, the relevant Special Servicer may at its sole discretion, but (i) with respect to all Loans other than the French Loan, having used all reasonable efforts to obtain necessary funds from the relevant Borrower and (ii) with respect to the French Loan only, after having asked the Security Agent to use all reasonable efforts to obtain necessary funds from the Tour Esplanade Borrower, pay (on behalf of the Borrower), either from its own funds or: (a) in the case of the General Master Servicer (or, as applicable, the General Special Servicer), by requesting a drawing directly from the Liquidity Facility; (b) in the case of the Swiss Master Servicer (or, as applicable, the Swiss Special Servicer), by requesting a Swiss Intercompany Loan to be advanced by the Issuer (which will be funded by the Issuer by way of a drawing from the Liquidity Facility); or (c) in the case of the Italian Master Servicer (or, as applicable, the Italian Special Servicer), requesting the Issuer to pay a further Italian Issuer Fee to the Italian Issuer (which will be funded by the Issuer by way of a drawing from the Liquidity Facility) (each, such resulting drawing from the Liquidity Facility a "**Loan Protection Drawing**"), any such unpaid insurance premia, taxes or ground rents in relation to the Properties (each such payment, a "**Loan Protection Advance**"). To the extent that the relevant Master Servicer or, as the case may be, the Special Servicer makes a Loan Protection Advance drawn upon its own funds, the relevant Master Servicer or, as the case may be, the relevant Special Servicer will, if not reimbursed by the relevant Borrower (directly or, in the case of the French loan, via the Security Agent and only up to the amount reimbursed by the Tour Esplanade Borrower to the Security Agent), be repaid (as the case may be) by (i) with respect to the Swiss Secured Loans, the Swiss SPV (or the Cash Manager on its behalf) together with interest thereon at the Reimbursement Rate on the Payment Date immediately following the date on which such Loan Protection Advance is made in priority to the Issuer; (ii) with respect to the Italian Loan, the Italian Issuer (or the Cash Manager on its behalf) together with interest thereon at the Reimbursement Rate on the Payment Date immediately following the date on which such Loan Protection Advance is made in priority to the Issuer; and (iii) with respect to all the Loans other than the Swiss Secured Loans and the Italian Loans, the Issuer (or the Cash Manager on its behalf) together with interest thereon at the Reimbursement Rate on the Note Interest Payment Date immediately following the date on which such Loan Protection Advance is made in priority to any amounts due in respect of the Notes. The "**Reimbursement Rate**" is a per annum rate equal to the base lending rate of Lloyds TSB Bank plc (or such other bank as may be agreed upon by the relevant Master Servicer and the Note Trustee) compounded annually.

Master Servicing Fees, Workout Fees, Special Servicing Fees and Other Compensation

Relevant fees

On each Payment Date, the Issuer, the Swiss SPV, the Italian Issuer and, as applicable, the relevant B Piece Lenders will be responsible for paying the relevant Master Servicers and Special Servicers the following fees:

(a) a fee (the "**General Master Servicing Fee**") will be payable to the General Master Servicer in relation to each Loan serviced by the General Master Servicer;

(b) a fee (the "**French Master Servicing Fee**") will be payable to the French Master Servicer in relation to the French Loan serviced by the French Master Servicer;

(c) a fee (the "**Italian Master Servicing Fee**" and together with the General Master Servicing Fee and the French Master Servicing Fee, the "**Master Servicing Fees**") will be payable to the Italian Master Servicer in relation to the Italian Loan serviced by the Italian Master Servicer;

(d) a fee (the "**General Special Servicing Fee**") will be payable to the General Special Servicer in relation to each Loan which was a Specially Serviced Loan and serviced by the General Special Servicer at any time during the immediately preceding Loan Interest Period;

(e) a fee (the "**French Special Servicing Fee**") will be payable to the French Special Servicer in relation to the French Loan if it was a Specially Serviced Loan and serviced by the French Special Servicer at any time during the immediately preceding Loan Interest Period;

(f) a fee (the "**Italian Special Servicing Fee**" and together with the General Special Servicing Fee and the French Special Servicing Fee, the "**Special Servicing Fees**") will be payable to the Italian Special Servicer in relation to the Italian Loan if it was a Specially Serviced Loan and serviced by the Italian Special Servicer at any time during the immediately preceding Loan Interest Period;

(g) a fee (the "**General Special Servicer Workout Fee**") will be payable to the General Special Servicer in relation to each Loan which is a Corrected Loan during the immediately preceding Loan Interest Period and serviced by the General Special Servicer, except if a Correction Event occurs within three weeks after the occurrence of a Servicing Transfer Event;

(h) a fee (the "**French Special Servicer Workout Fee**") will be payable to the French Special Servicer in relation to the French Loan if it was a Corrected Loan during the immediately preceding Loan Interest Period and serviced by the French Special Servicer, except if a Correction Event occurs within three weeks after the occurrence of a Servicing Transfer Event;

(i) a fee (the "**Italian Special Servicer Workout Fee**" and together with the General Special Servicer Workout Fee and the French Special Servicer Workout Fee, the "**Workout Fees**") will be payable to the Italian Special Servicer in relation to the Italian Loan if it was a Corrected Loan during the immediately preceding Loan Interest Period and serviced by the Italian Special Servicer, except if a Correction Event occurs within three weeks after the occurrence of a Servicing Transfer Event.

The Master Servicing Fee for each Loan (or, as applicable, Whole Loan) will accrue at the rate of:

(i) 0.03 per cent. per annum of the aggregate outstanding principal balance of such Loan (or Whole Loan) that was not, at any time during the immediately preceding Loan Interest Period, Specially Serviced Loans (plus VAT, if any) on a daily basis according to the number of days in each such Loan Interest Period during which such Loan (or Whole Loan) was not a Specially Serviced Loan;

(ii) 0.02 per cent. per annum of the aggregate outstanding principal balance of such Loan (or Whole Loan) that was, at any time during the immediately preceding Loan Interest Period, a Specially Serviced Loan (plus VAT, if any) on a daily basis according to the number of days in each such Loan Interest Period during which such Loan was at any time a Specially Serviced Loan;

The Special Servicing Fee for each Loan (or, as applicable, Whole Loan) will accrue at the rate of 0.23 per cent. per annum of the aggregate outstanding principal balance of such Loan (or Whole Loan) that was, at any time during the immediately preceding Loan Interest Period, a Specially Serviced Loan (plus VAT, if any) on a daily basis according to the number of days in each such Loan Interest Period which such Loan was at any time a Specially Serviced Loan.

The Workout Fee for each Loan (or, as applicable, Whole Loan) will accrue at the rate of 1 per cent. per annum (for all Loans (or, as applicable, Whole Loans) other than the Bridge Whole Loan and the Tour Esplanade Loan in respect of which the Workout Fee will accrue at the rate of 0.4 per cent.) of principal and interest payments made in respect of such Corrected Loan (plus VAT, if any) on a daily basis according to the number of days in each such Loan Interest Period which such Loan (or Whole Loan) was (at any time) a Corrected Loan. The maximum amount of Workout Fee with respect to a Corrected Loan will equal 1 per cent. of the outstanding principal balance of each relevant Loan (or Whole Loan) at the time of the first relevant Correction Event. If the relevant Special Servicer is replaced by a third party, such outgoing Special Servicer will still be entitled to any such Workout Fees while such Loan remains as a Corrected Loan. In addition to the circumstances set out in the next paragraph the Workout Fee in respect of a Corrected Loan will cease to accrue once such loan becomes a Specially Serviced Loan.

The relevant Master Servicing Fee, Special Servicing Fee and any Workout Fee in relation to a Loan (or, as applicable, Whole Loan) will cease to be payable when any of the following events (each, a "**Liquidation Event**") occurs in relation to such Loan (or Whole Loan):

(a) such Loan (or Whole Loan) is repaid in full;

(b) a Final Recovery Determination (as defined under "*Calculations by the Master Servicers and the Special Servicers as applicable*" below) is made with respect to such Loan (or Whole Loan); and

(c) such Loan is repurchased by LBF, Bankhaus London or, as applicable, Bankhaus Milan in accordance with and pursuant to the terms of the Loan Sale Agreements.

In addition to the relevant Special Servicing Fee and the Workout Fee, the relevant Special Servicer will be entitled to receive a fee (a "**Liquidation Fee**") with respect to each Specially Serviced Loan which such Special Servicer serviced (other than in relation to a Specially Serviced Loan that subsequently becomes a Corrected Loan) based on the proceeds of sale (including, without limitation, any amount to be paid in respect of indemnity on sale), and net of any tax (including, without limitation, any VAT, stamp duty and real estate transfer tax payable thereon, to the extent not paid by a purchaser) and the costs and expenses of sale, if any, arising from the sale of Property following the enforcement of the related mortgage (such proceeds, "**Liquidation Proceeds**"). The amount of the Liquidation Fee payable in respect of a Specially Serviced Loan will be equal to 1 per cent. for all Loans (or, as applicable, Whole Loan) (other than for the Bridge Whole Loan and the Tour Esplanade Loan, in respect of which the amount of the Liquidation Fee payable in relation such Loan (or Whole Loan), if it is a Specially Serviced Loan, will be equal to 0.4 per cent.) of the net sale proceeds, plus VAT (if any).

Each Master Servicer and Special Servicer will be required to pay their respective overhead costs and any general and administrative expenses incurred by them in connection with their servicing activities carried out pursuant to the terms of the Servicing Agreement and will, in general, not be entitled to reimbursement for such expenses. However, on each Payment Date, each Master Servicer and Special Servicer are entitled, pursuant to the terms of the Servicing Agreement, to be reimbursed (with interest thereon) in respect of certain out-of-pocket costs, expenses and charges properly incurred by them in the performance of their servicing obligations including, without limitation, those described under "*Ground Rents and Forfeiture*" and "*Insurance*" below. Such costs and expenses will be payable on the second Payment Date following the Loan Interest Period during which they are incurred by the relevant Master Servicer or Special Servicer or, in the case of fees and expenses which are paid directly by Borrowers, on the second Payment Date following the Loan Interest Period during which such fees and expenses are collected from Borrowers or realized from the liquidation of the property.

Payment of the Master Servicing Fees, Workout Fees, Special Servicing Fees and Other Compensation where the relevant Loan is not a Whole Loan (or is a Swiss Whole Loan)

Where the Loan is not part of a Whole Loan, or where the Loan is a Swiss Whole Loan, the Issuer, the Swiss SPV and the Italian Issuer, respectively, will be solely responsible for paying the relevant fees, costs and expenses of the relevant Master Servicer and Special Servicer outlined above. Such fees, costs and expenses will be payable in accordance with, inter alia, the applicable Issuer Priority of Payments, the Italian Priority of Payments and in priority by the Swiss SPV. These payments rank in priority (either directly or indirectly) to payments to Noteholders, both before and after the enforcement of the Issuer's Security. This order of priority is with a view to procuring the continuing performance by each Master Servicer and Special Servicer of their respective duties at all times while the Notes are outstanding.

Prior to the enforcement of security, the Master Servicing Fees and Special Servicing Fees are payable out of revenue receipts from the Loans, where as the payment of any Workout Fees or Liquidation Fees are payable from principal receipts from the Loans (which means that whilst Workout Fees and Liquidation Fees are intended to provide the relevant Special Servicer with an incentive to better perform its duties, the payment of any Workout Fee or Liquidation Fee will reduce principal amounts payable to the Noteholders).

Payment of the Master Servicing Fees, Workout Fees, Special Servicing Fees and Other Compensation in relation to Whole Loans (other than Swiss Whole Loans)

In relation to Whole Loans (other than Swiss Whole Loans) the relevant Master Servicer and Special Servicer will be able to deduct their relevant fees, costs and expenses, properly payable to them pursuant to the terms of the Servicing Agreement and as outlined above, on each Payment Date from amounts then standing to the credit of the relevant Tranching Account in respect of each such Whole Loan and in priority to applying any funds standing to the credit of such Tranching Account in paying amounts due to the Issuer and the B Piece Lender.

Whilst both the Issuer and the B Piece Lender are responsible for the payment of such fees, if there are insufficient revenue receipts or, as applicable, principal receipts received in respect of such Whole Loan to enable the relevant Master Servicer or Special Servicer to be paid out of amounts standing to the credit of the Tranching Accounts the Issuer will be required to pay its proportion of such fees, costs and expenses to the relevant Master Servicer and Special Servicer. Such payments will be made in accordance with the then applicable Issuer Priority of Payments. In addition, if the B Piece Lender has not paid its proportion of such fees, costs and expenses, then the Issuer (so as to ensure that the servicing of the Whole Loan carries on uninterrupted) will be required to pay the B Piece Lender's proportion of such fees, costs and expenses, again in accordance with the then applicable priority of payments. To the extent that the Issuer pays such B Piece Lender's proportion, the Issuer will be entitled to receive an equivalent additional amount from the Tranching Account on the next Payment Date when (if at all) further funds are then standing to the credit of the relevant Tranching Account. Such amounts will be paid to the Issuer in priority to any distribution of any amounts owed at such time to the B Piece Lender.

As a result of the payment mechanics outlined above and the application of the priority of payments, potentially the entire (although normally if the Whole Loan is not in default, just the Issuer's then proportion of) fees, costs and expenses of the relevant Master Servicer and Special Servicer rank in priority (either directly or indirectly) to payments to Noteholders, both before and after the enforcement of the Issuer's Security. This order of priority is with a view to procuring the continuing performance by each Master Servicer and Special Servicer of their respective duties at all times while the Notes are outstanding.

Prior to the enforcement of security, the Master Servicing Fees and Special Servicing Fees are payable out of revenue receipts from such Whole Loans, where as the payment of any Workout Fees or Liquidation Fees are payable from principal receipts from the Whole Loans (which means that whilst Workout Fees and Liquidation Fees are intended to provide the relevant Special Servicer with an incentive to better perform its duties, the payment of any Workout Fee or Liquidation Fee may reduce principal amounts payable to the Noteholders).

Delegation of a Master Servicer or Special Servicer role

Subject to compliance with legal and regulatory requirements, the obligations of the General Master Servicer may be delegated by the General Master Servicer to a delegate general master servicer (in such capacity, the "**Delegate General Master Servicer**") and the obligations of the General Special Servicer may be delegated by the General Special Servicer to a delegate general Special servicer (in such capacity, the "**Delegate Special Master Servicer**").

Subject to compliance with legal or regulatory requirements in France, the obligations of the French Master Servicer and the French Special Servicer may, pursuant to the terms of a delegation agreement, (the "**French Delegation Agreement**") be delegated to a Delegate French Master Servicer and a Delegate French Special Servicer, respectively.

The majority of the obligations of the Italian Master Servicer and the Italian Special Servicer will, pursuant to the terms of a delegation agreement (the "**Italian Delegation Agreement**") dated on or about the Italian Issue Date be delegated to the Delegate Italian Master Servicer and the Delegate Italian Special Servicer, respectively. Upon such delegation, the Italian Master Servicer and the Italian Special Servicer will no longer be primarily liable for the obligations under the Servicing Agreement delegated by it and instead the Delegate Italian Master Servicer and the Delegate Italian Special Servicer, respectively, will be so liable.

For the purposes of this Prospectus, references to a "**Delegate Master Servicer**" or a "**Delegate Special Servicer**" shall mean: (i) with respect to the Loans (other than the French Loan and the Italian Loan and if appointed at such time, the Delegate General Master Servicer and the Delegate General Special Servicer, respectively; (ii) with respect to the French Loan and if appointed at such time, the Delegate French Master Servicer and the Delegate French Special Servicer, respectively; and (iii) with respect to the Italian Loan, the Delegate Italian Master Servicer and the Delegate Italian Special Servicer, respectively.

In addition, the roles of the General Master Servicer and the General Special Servicer pursuant to the terms of the Servicing Agreement, the roles of the French Master Servicer and the French Special Servicer pursuant to the terms of the Servicing Agreement and the roles of the Italian Master Servicer and the Italian Special Servicer (and, if appointed, the Delegate Master Servicer and the Delegate Special Servicer pursuant to the terms of the relevant delegation agreement) may be delegated or sub-contracted from time to time to other third parties. However, unless the Rating Agencies have given their prior approval to such appointment (or the appointment is to an affiliate or subsidiary of Hatfield Philips International Limited or, in the case of the French Loan, ABN AMRO Bank N.V. (Paris Branch) or, in the case of the Italian Loan, Zenith Services S.p.A.) and the relevant delegate or sub-contractor has agreed to be primarily liable, the General Master Servicer, the General Special Servicer, the French Master Servicer, the French Special Servicer, the Italian Master Servicer or the Italian Special Servicer as applicable, will remain primarily liable for their servicing obligations under the Servicing Agreement.

Upon the termination of the appointment of any Master Servicer or Special Servicer, any delegates or sub contractors' appointment in relation to such Master Servicer or Special Servicer will also be terminated.

Termination of the Appointment of any Master Servicer or any Special Servicer

Pursuant to the terms of the Servicing Agreements:

(i) if no Controlling Class Representative has been appointed, the Issuer (with the prior written consent of the Note Trustee), the Swiss SPV, the Italian Issuer, the Note Trustee, the Representative of the Italian Noteholders (each as applicable) or (in respect of a Special Servicer only) any B Piece Lender (subject to the terms of the relevant intercreditor agreement) may, at any time (with 30 days' prior notice), terminate the applicable Master Servicer's or, as applicable, the applicable Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Master Servicer or, as the

case may be, a successor Special Servicer or a successor Delegate Master Servicer or a successor Delegate Special Servicer, as the case may be; and

(ii) if a Controlling Class Representative has been appointed, the Note Trustee or, as applicable, the Representative of the Italian Noteholders (without the consent of the Controlling Class Representative or any B Piece Lender) or any B Piece Lender (subject to the terms of the relevant intercreditor agreement) may, at any time, terminate a Master Servicer's appointment or, as applicable, the Controlling Class Representative or any B Piece Lender (subject to the terms of the relevant intercreditor agreement) may at any time terminate a Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Master Servicer, as applicable or, as the case may be, a successor Special Servicer.

Events of default in respect of a Master Servicer and a Special Servicer include, *inter alia*:

(a) a default in the payment on the due date of any payment to be made by such Master Servicer or, as the case may be, such Special Servicer, as the case may be, pursuant to the terms of the Servicing Agreement;

(b) a default in the performance of any of such Master Servicer's or, as the case may be, such Special Servicer's, other material covenants or obligations pursuant to the terms of the Servicing Agreement;

(c) the occurrence of certain insolvency related events in relation to such Master Servicer or, as the case may be, such Special Servicer.

If any of the events listed in paragraph (a), (b) or (c) above occur, then the Issuer (with the prior written consent of the Note Trustee), the Swiss SPV, in each case, as applicable (or (only in respect of a Special Servicer) any B Piece Lender (subject to the terms of the relevant intercreditor agreement)) may immediately or at any time thereafter while such default continues by notice to such Master Servicer, or as applicable, such Special Servicer, terminate the appointment of such Master Servicer or such Special Servicer.

In addition, a Master Servicer and/or a Special Servicer, as applicable may resign by giving at least three months' written notice to, *inter alios*, the Issuer, the Swiss SPV, the Italian Issuer (each as applicable) the Security Agents, the Note Trustee, the Representative of the Italian Noteholders (as applicable) and the B Piece Lenders (as applicable).

Regardless of the reason, the termination of the appointment of a Master Servicer or a Special Servicer will not take effect until a successor Master Servicer or successor Special Servicer, has been appointed in its place. The identity and terms of appointment of any successor Master Servicer or successor Special Servicer, as applicable must meet certain criteria set out in the Servicing Agreement. These include written confirmation by each Rating Agency that the current ratings of each class of Notes rated by such Rating Agencies will not be adversely affected as a result of such appointment. The fee payable to any successor Master Servicer or Special Servicer must not in any event exceed the rate then commonly charged by providers of loan servicing services in relation to loans secured on commercial properties similar to the Properties.

Upon any termination of its appointment, a Master Servicer or a Special Servicer is required (subject to any legal or regulatory restrictions) to deliver the documents, information, computer stored data and moneys held by it in relation to its appointment to the successor Master Servicer or Special Servicer and is required to take such further lawful action as such successor, the Note Trustee or, as applicable, the Representative of the Italian Noteholders may reasonably direct to enable the successor Master Servicer or successor Special Servicer to perform its servicing duties.

In no circumstances shall the Note Trustee, the Representative of the Italian Noteholders or the Security Agents be obliged to assume the obligations of the Master Servicer or the Special Servicer.

Termination of the Appointment of the Controlling Class Representative

In accordance with the Conditions, the holders of the Most Junior Class of Regular Notes outstanding with an aggregate Adjusted Notional Amount Outstanding of greater than 25 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) will at such time be the "**Controlling Class** ". Upon any reduction of the aggregate Adjusted Notional Amount Outstanding of such Class of Regular Notes to less than or equal to 25 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date), the holders of the next Most Junior Class of Regular Notes then outstanding with an aggregate Adjusted Notional Amount Outstanding of such Class of Regular Notes of greater than 25 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) will, at such time, become the Controlling Class Representative. If, at any time, no Class of Regular Notes has an aggregate Principal Amount Outstanding of such Class of Regular Notes greater than or equal to 25 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date), the holders of the Most Junior Class of Notes then outstanding (other than the Class X Note) with an aggregate Principal Amount Outstanding of greater than 10 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date) will at such time become the Controlling Class. Upon any reduction of the aggregate Principal Amount Outstanding of such Class of Regular Notes to less than or equal to 10 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date), the holders of the next most junior Class of Regular Notes then outstanding (other than Class X Note) with an aggregate Principal Amount Outstanding of greater than 10 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date) will at such time become the Controlling Class. If, at any time, there is not a Class of Regular Notes with an aggregate Principal Amount Outstanding of such class of Regular Notes of greater than or equal to 10 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) then the Most Junior Class of Regular Notes then outstanding will become the Controlling Class.

The Noteholders of the class of Notes constituting the then Controlling Class will be entitled, at any time and by way of an Extraordinary Resolution passed by the holders of such class of Notes, to terminate the appointment of the Controlling Class Representative and to appoint, in accordance with the terms of the Servicing Agreement, a successor Controlling Class Representative.

Upon any change in the identity of the Controlling Class Representative, the rights and obligations of the then Controlling Class Representative under the Servicing Agreement will be terminated and, pursuant to the terms of the Servicing Agreement, the Issuer, each Master Servicer, the Security Agents, the B Piece Lenders, the Note Trustee and the then Special Servicers will be required to use all reasonable endeavours to enable the successor Controlling Class Representative to accede to the terms of the Servicing Agreement.

Appraisal Reductions

An "**Appraisal Reduction**" means, in the case of any Loan (or Whole Loan) whose related Property is the subject of an appraisal conducted in accordance with the terms of the Servicing Agreement as a result of the relevant Loan (or Whole Loan) having:

(a) payments of interest or principal outstanding for 120 days or more (excluding payments of interest or principal due to a B Piece Lender in relation to a B Piece);

(b) 90 days elapsed since a receiver was appointed;

(c) the payment or terms of such Loan (including the maturity thereof) modified in relation to a debt rescheduling; or

(d) 30 days elapsed since a Loan became a Specially Serviced Loan (and has not prior to such time further become a Corrected Loan),

an amount, calculated as of the first Determination Date that is at least 15 days after the date on which the valuation or appraisal is obtained or performed, equal to the excess, if any, of:

(i) the sum of the outstanding principal balance of such Loan, plus all unpaid interest on such Loan, plus all currently due and unpaid taxes and assessments (net of any amount escrowed for such items), insurance premiums, and, if applicable, ground rents in respect of the related Property, over

(ii) 90 per cent. of the appraised value of the such Property (as determined pursuant to such appraisal or valuation).

Enforcement of the Loans

Upon any default by a Borrower under the relevant Loan, servicing of such Loan may, as described under "*Roles of the Master Servicer and Special Servicer*" above, be transferred to the relevant Special Servicer who will be required to act as the agent of the relevant Security Agent in enforcing the Borrower's obligations under such Loans in accordance with the procedures prescribed in the Servicing Agreement. Such procedures for enforcement include the giving of instructions to the relevant Security Agent as to how to enforce the security for the repayment of the Loan, including as to the appointment of a receiver (where appropriate) of the secured assets. The terms of appointment of any such receiver may, in certain circumstances, include an indemnity in favour of the receiver. The relevant Special Servicer may consult with the receiver and agree upon a strategy for best preserving the Issuer's, the Swiss SPV's, the Italian Issuer's and any B Piece Lender's (each as applicable) rights and securing any available money from the relevant Property, which may involve the receiver managing the Property (including the handling of payments of rent) for a period of time and/or seeking to sell the Property to a third party. Prior to the occurrence of a Control Valuation Event, the B Piece Lenders are entitled to instruct the Security Agent to take enforcement action in relation to the Whole Loan if (a) payment under the Whole Loan has been accelerated under the Loan Agreement and (b) the market value of the Properties is greater than 125 per cent. of the A Piece.

If a mortgage is enforced and a Property is sold, the net proceeds of sale (after taking into account payment of the costs and expenses of the sale, including any Liquidation Fees payable in connection therewith) will, together with any amount payable to the related Borrower on any related insurance contracts (to the extent such amounts may be applied by the relevant Special Servicer in repayment of the related Loan), be applied by the relevant Special Servicer against the sums owing from the related Borrower to the extent necessary to repay the related Loan.

Modifications, Waivers, Amendments and Consents

The relevant Master Servicer or, in the case of a Specially Serviced Loan, the relevant Special Servicer, will be responsible for responding to requests by Borrowers and Mortgagors for consents, modifications, waivers or amendments to the Loan Agreements and other documentation related to the Loans. With respect to requests for consents, modifications, waivers or amendments not contemplated by the related Loan documents and subject to the consent of a relevant B Piece Lender in the circumstances described in paragraph (e) of "*The Loans - Intercreditor Agreement Terms*" (only in relation to the Whole Loan to which the B Piece of that B Piece Lender corresponds), the relevant Master Servicer or, as applicable the relevant Special Servicer may exercise its discretion and agree to the request *provided* that:

(a) the granting of consent would be in accordance with the Servicing Standard; and

(b) the consent, if granted, would not:

(i) release any Borrower or Mortgagor from any of its material obligations under the related Loan;

(ii) release any security for the related Loan (unless a corresponding principal payment is made or such release is required under law or contemplated in the security document relating to the respective Loan or the relevant Master Servicer or, as applicable, the relevant Special Servicer considers there would be no material

prejudice to the Issuer, the Swiss SPV or, as applicable, the Italian Issuer, as a result);

(iii) require the Issuer, the Swiss SPV or, as applicable, the Italian Issuer or the relevant Security Agent to make any further advance of monies;

(iv) extend the final maturity date of the related Loan beyond the date which is two years prior to the Maturity Date;

(v) materially impair the security for such Loan; or

(vi) reduce the likelihood of timely payments of amounts due on such Loan or modify any monetary terms in relation to monies due under such Loan.

Notwithstanding the foregoing and subject to the provisions of the related Loan documents, (i) if the relevant Master Servicer or, as the case may be, the relevant Special Servicer reasonably believes that any modification, amendment or waiver in respect of a Loan or Specially Serviced Loan would be likely to have a material adverse effect on any Class of Noteholder, then such Master Servicer or, as the case may be, such Special Servicer shall not consent to such modification, waiver or amendment unless it shall have received written confirmation from each Rating Agency that the then current ratings of each class of Notes would not be adversely affected as a result of such consent, modification, amendment or waiver (provided that, in the case of Moody's, no such written confirmation will be required, however, such consent, modification, amendment or waiver will be notified to Moody's and further provided that such Master Servicer may not make any modification, amendment or waiver which would have the effect set out in paragraph (b) above) save that such written confirmation from each Rating Agency shall not be required in the case of the relevant Special Servicer in relation to items (i), (ii) (iii) and (vi) of paragraph (b) above, and (ii) the relevant Master Servicer will be required to obtain the consent (which will not be unreasonably withheld or delayed) of (A) the relevant Special Servicer and (B) any relevant B Piece Lender in the circumstances described in paragraph (e) "*The Loans - Intercreditor Agreement Terms*" to:

(i) change the property manager of any Property (other than in the case of a change of a property manager to an affiliate of such property manager);

(ii) waive an event of default under any Loan Agreement,

provided that the relevant Master Servicer will not be required to obtain the consent of the relevant Special Servicer for any modification, amendment or waiver resulting from a manifest error.

Furthermore, the relevant Master Servicer or, as the case may be, the relevant Special Servicer may consent to any modification, amendment or waiver in respect of a Loan or Specially Serviced Loan without seeking the consent of any Rating Agency where the modification, amendment or waiver relates to any of the following (but subject to receiving the prior written consent of any relevant B Piece Lender in the circumstances described in paragraph (e) of "*The Loans - Intercreditor Agreement Terms*"):

(a) the correction of a manifest error or the correction of something that was not properly done at the time of origination of the Loan;

(b) any adjustment to the then current amortisation schedule in respect of a Loan where such adjustment is effected solely in order to remedy a breach of the loan to value ratio covenant in the relevant Loan Agreement or where such adjustment is effected solely in order to remedy a manifest error;

(c) any transfer of ownership of the Property from a Mortgagor to a third party connected with a Mortgagor (*provided* that (i) prior to any such transfer, the relevant Master Servicer or, as the case may be, the relevant Special Servicer obtains a satisfactory legal opinion as to the validity, effectiveness and enforceability of the charge or security to be provided by the third party and a solvency certificate from the directors of the third party as at the date of such

transfer; (ii) following any such transfer, the Issuer, the Swiss SPV or as applicable the Italian Issuer has the benefit of a first ranking legal mortgage over the relevant Property) and (iii) if the Property in question relates to a Loan to which the B Piece of a B Piece Lender corresponds, the relevant Master Servicer or, as the case may be, the relevant Special Servicer shall notify the relevant B Piece Lender of such transfer and provide a copy of the legal opinion to such B Piece Lender if requested to do so;

(d) any permission granted to the Borrower to have a period in which to cure a breach where no express cure period is provided for in the Loan Agreement;

(e) any waiver of any restriction on the ability of a Borrower to assign, transfer or novate its obligations under the relevant Loan to another borrower *provided* that the replacement borrower satisfies, in all relevant and material respects, the lending criteria that applied to the transferring Borrower; and

(f) the waiver of Prepayment Fees or any release of proceeds from the sale or disposal of a Property and/or any other security realisation proceeds *provided* that original aggregate loan amount has been repaid.

The relevant Master Servicer or, as the case may be, the relevant Special Servicer will be required to deposit in the related mortgage file an original counterpart of any agreement relating to a consent, modification, waiver or amendment agreed to by it promptly following its execution and to forward a copy to the Note Trustee, the Representative of Italian Noteholders and each Rating Agency. Upon reasonable prior written notice to the relevant Master Servicer or, as the case may be, the relevant Special Servicer, copies of each agreement by which any modification, waiver or amendment of any term of any Loan is effected are required to be available for review during normal business hours at the offices of the relevant Master Servicer and, as applicable, the relevant Delegate Master Servicer.

The relevant Master Servicer or, as the case may be, the relevant Special Servicer may, on behalf of the Issuer, the Swiss SPV or, as applicable, the Italian Issuer waive the payment of any Prepayment Fees or Extension Fees by a Borrower in respect of a Loan if instructed to do so by the relevant Originator (or its assignee).

Calculations by the Master Servicers and Special Servicers

The relevant Master Servicer will calculate the amounts due from the Borrowers to the Issuer, the Swiss SPV or the Italian Issuer, as applicable, pursuant to the terms of the Loan Agreements and, on or shortly after each Loan Payment Date, will instruct the relevant Security Agent to transfer such amounts from the secured accounts to:

(a) in respect of the Lightning Dutch Loan, the Tresforte Loan, the Tour Esplanade Loan, the Grazer Damm 2 Loan, the Issuer (with such amounts to be credited to the Issuer Euro Transaction Account);

(b) in respect of the Italian Loan, the Italian Issuer (with such amounts to be credited to the Italian Transaction Account);

(c) in respect of the Swiss Secured Loans (including the Corvatsch Secured Whole Loan), the Swiss SPV (with such amounts to be credited to the Swiss Transaction Account);

(d) in respect of the Bridge Whole Loan, the Bridge Tranching Account (which is a Tranching Account in the name of the General Master Servicer);

(e) in respect of the Woolworth Boenen Whole Loan, the Woolworth Boenen Tranching Account (which is a Tranching Account in the name of the General Master Servicer);

(f) in respect of the Falcon Crest Whole Loan, the Falcon Crest Tranching Account (which is a Tranching Account in the name of the General Master Servicer);

(g) in respect of the E-Shelter Whole Loan, the E-Shelter Tranching Account (which is a Tranching Account in the name of the General Master Servicer);

(h) in respect of the Firebird Whole Loan, the Firebird Tranching Account (which is a Tranching Account in the name of the General Master Servicer); and

(i) in respect of the Thunderbird Whole Loan, the Thunderbird Tranching Account (which is a Tranching Account in the name of the General Master Servicer).

In relation to amounts transferred to a Tranching Account, after the Cash Manager advises the General Master Servicer of the net payments to be made or received under the relevant Swap Agreements, the General Master Servicer will calculate the proportion of the resulting amounts due to each of the Issuer and the relevant B Piece Lender in accordance with the terms of the relevant intercreditor agreement (see "*The Loans - Intercreditor Agreement Terms*") and then transfer amounts due to the Issuer from the relevant Tranching Account to the Issuer Euro Transaction Account (as described in "*The Loans – The Secured Accounts*") (net of any applicable servicing fees, costs and expenses as set out above), after which the Cash Manager will determine the amount of any drawing which the Issuer is entitled to make under the Liquidity Facility Agreement. On each Determination Date, the relevant Master Servicer will determine which of the amounts transferred constitute revenue receipts, which constitute principal receipts and which constitute Prepayment Fees and Extension Fees. The relevant Master Servicer will also determine which portions of Borrower Principal Collections consist of Amortising Payments, Principal Prepayments, Final Principal Payments and Principal Recovery Proceeds (each as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)) and the amount of all Revenue Priority Amounts and Principal Priority Amounts of which it is aware are required to be paid from time to time. The relevant Master Servicer will notify the Cash Manager of all such determinations made by it by 11.00 a.m. (Brussels time) on each Determination Date.

If the relevant Special Servicer determines at any time that there has been a recovery of all Liquidation Proceeds, insurance proceeds and any other payments that such Special Servicer has determined in accordance with the Servicing Standard, that will be ultimately recoverable in relation to a Loan (other than in respect of a Loan that was paid in full or which was repurchased by the relevant Originator pursuant to the terms of the Loan Sale Agreement) (a "**Final Recovery Determination**"), it is required to notify, *inter alios*, the Issuer, the Swiss SPV, the Italian SPV (each as applicable), the relevant Master Servicer, the Controlling Class Representative, the relevant Security Agent, any applicable B Piece Lenders, the Cash Manager, the Note Trustee and, as applicable, the Representative of the Italian Noteholders of the amount of such Final Recovery Determination.

Annual Review

The relevant Master Servicer (as to each Loan which is not a Specially Serviced Loan) and the relevant Special Servicer (as to each Specially Serviced Loan) is required to undertake an annual review of each Borrower, Mortgagor and each Loan. The relevant Master Servicer or as the case may be, the relevant Special Servicer is however authorised to conduct the review process more frequently if such Master Servicer or such Special Servicer acting in accordance with the Servicing Standard, has cause for concern as to the ability of a Borrower to meet its financial obligations pursuant to the terms of the related Loan Agreement. Such a review may (but need not necessarily) include an assessment of the quality of the cash flow arising from them, along with a compliance check of all of the Borrowers' and Mortgagor's financial covenants under the relevant Loan documents. The relevant Master Servicer or, as applicable, the relevant Special Servicer will be required to inspect each Property every two years.

Ground Rents

The relevant Master Servicer (as to each Loan which is not a Specially Serviced Loan) and the relevant Special Servicer (as to each Specially Serviced Loan) shall maintain accurate records

with respect to each related Property reflecting the status of any ground rents payable in respect thereof and use reasonable efforts to confirm, from time to time, the payment of such items.

Subject to the paragraph below, the relevant Master Servicer shall pay to the appropriate third party any ground rents not paid by the Borrower or Mortgagor in accordance with the relevant Loan Agreement, including any penalties or other charges arising from the Borrower or Mortgagor's failure to timely pay such items. In addition, the relevant Master Servicer on being notified or becoming aware of steps being taken to forfeit or enforce any amounts owing under a Borrower or Mortgagor's headlease in relation to a Property, shall, subject to the paragraph below, use all reasonable endeavours to prevent the forfeiture or enforcement of such a Borrower's headlease or, where applicable, to obtain relief of the court in respect of such forfeiture or enforcement (such actions to include, where necessary, the payment of all amounts due or owing by the relevant Borrower or Mortgagor pursuant to the terms of such headlease). The relevant Master Servicer and the relevant Special Servicer are entitled, pursuant to the terms of the Servicing Agreement to be reimbursed (with interest thereon) in respect of out-of-pocket costs, expenses and charges properly incurred by them in the performance of their servicing obligations as described in this paragraph.

Notwithstanding the above, neither a Master Servicer nor a Special Servicer shall be required to pay any amount or take any action if, in its reasonable opinion, acting in accordance with the Servicing Standard, the expense of making such payment and/or taking such actions would not be to the benefit of the Noteholders as a collective whole.

Insurance

The relevant Master Servicer (in relation to each Loan which is not a Specially Serviced Loan) and the relevant Special Servicer (in relation to each Specially Serviced Loan) shall use reasonable efforts consistent with the Servicing Standard to monitor compliance by each Borrower or, if different, Mortgagor of each Property with the requirements of the related Loan Agreement regarding the maintenance of insurance of such Property.

Subject to the paragraph below, in the event that a Master Servicer (in relation to each Loan which is not a Specially Serviced Loan) and a Special Servicer (in the case of any Specially Serviced Loan) becomes aware that either:

(a) a Property is not covered by a buildings insurance policy; or

(b) a buildings insurance policy may lapse in relation to a Property due to the non payment of any premium, the relevant Master Servicer or Special Servicer, as appropriate,

shall procure a buildings insurance policy to be maintained in respect of such Property and pay all necessary premiums (in the case of (1) above) or pay to the insurer any unpaid premiums, together with any penalties or other charges arising from the Borrower's or Mortgagor's failure to timely pay such items (in the case of (2) above).

The relevant Master Servicer (in relation to each Loan which is not a Specially Serviced Loan) and the relevant Special Servicer (in relation to each Loan which is a Specially Serviced Loan) are entitled, pursuant to the terms of the Servicing Agreement, to be reimbursed (with interest thereon) in respect of out-of-pocket costs, expenses and charges properly incurred by them in the performance of their servicing obligations as described in this paragraph.

Neither a Master Servicer (in relation to each Loan which is not a Specially Serviced Loan) nor a Special Servicer (in relation to each Loan which is a Specially Serviced Loan) shall be required to pay any amount described above if, in its reasonable opinion, the expense of making such payment and/or taking such actions would not be to the benefit of Noteholders as a collective whole.

Indemnity

The Issuer, the Swiss SPV, the Italian Issuer any B Piece Lender (each as applicable) shall on demand keep the relevant Master Servicer and the relevant Special Servicer and any of their

respective affiliates fully and effectually indemnified from and against all actions, losses, claims, proceedings, costs, demands and liabilities which may be suffered or incurred by any of them:

(a) in acting as a Master Servicer (in relation to each Loan which is not a Specially Serviced Loan) and a Special Servicer (in relation to each Loan which is a Specially Serviced Loan) under the Servicing Agreement; or

(b) in connection with the exercise by such Master Servicer (in relation to each Loan which is not a Specially Serviced Loan) and such Special Servicer (in relation to each Loan which is a Specially Serviced Loan) of any rights, powers and/or discretions conferred on it by the Servicing Agreement,

provided that such indemnity shall not indemnify a Master Servicer and/or a Special Servicer from and against any actions, losses, claims, proceedings, costs, demands and liabilities which are caused by a breach of its obligations under the Servicing Agreement, including its obligation to comply with the Servicing Standard or as a result of the negligence or wilful misconduct of such Master Servicer and/or such Special Servicer.

Other Matters

In addition to the duties described above, the terms of the Servicing Agreement require the Master Servicers and the Special Servicers to perform duties customary for a servicer of Loans, such as retaining or arranging for the retention of loan and property deeds and other documents in safe custody and (in the case of the Special Servicers) regularly informing the relevant Master Servicer of any loan assumptions, modifications, easements, practical releases, condemnations and pay-off calculations.

In no circumstances will a Master Servicer, a Special Servicer or the Controlling Class Representative be liable for any obligation of a Borrower or, if different, a Mortgagor under a Loan or have any liability to any third party for the obligations of the Issuer, the Swiss SPV, the Italian Issuer, a Security Agent, the Note Trustee or the Representative of Italian Noteholders or any other party to the Transaction Documents (as defined below). Neither a Master Servicer, a Special Servicer nor the Controlling Class Representative will have any liability to the Issuer, the Swiss SPV, the Italian Issuer, a Security Agent, the Note Trustee, the Representative of Italian Noteholders, the Noteholders or any other person for any failure by the Issuer to make any payment due by it under the Notes or any of the Agency Agreement, the Cash Management Agreement, the Irish Corporate Services Agreement, the Issuer Deed of Charge, the Loan Sale Agreements, the Swap Agreements, the Swap Guarantee, the Liquidity Facility Agreement, the Servicing Agreement, the Trust Deed, the French Loan Issuer Pledge, the Italian Notes Issuer Pledge, the Swiss Unsecured Loan Agreements and all documents executed pursuant to or in connection with the foregoing (the "**Transaction Documents**"), unless such failure by the Issuer results from a failure by such Master Servicer and/or such Special Servicer, as the case may be, to perform its obligations under the Servicing Agreement.

A Master Servicer and/or a Special Servicer and/or the Controlling Class Representative may become the owner or otherwise hold an interest in the Notes with the same rights as it would have if it were not a Master Servicer, a Special Servicer or the Controlling Class Representative, as applicable. In assessing whether actions of a Master Servicer or, as the case may be, a Special Servicer were consistent with the Servicing Standard, no account will be taken of any such interest of such Master Servicer or Special Servicer in the Notes.

Following the service of a Note Enforcement Notice, each of the Master Servicers or the and the Special Servicers will service and administer the Loans and Related Security on behalf of the Note Trustee or, as applicable, the Representative of the Italian Noteholders and in accordance with any direction provided by the Note Trustee or, as applicable, the Representative of the Italian Noteholders.

General

Neither the relevant Master Servicers nor the relevant Special Servicers will be liable for any obligation of any Borrowers or other obligations under the related Loan Agreements or, in respect of any Related Security thereto, have any liability to any third party for the obligations of the Issuer under the Notes or of the Issuer under the Transaction Documents or have any liability to the Issuer, the Note Trustee, the Noteholders or any other person for any failure by the Issuer to make any payment due by it under the Notes or any of the Transaction Documents unless such failure by the Issuer results from a failure by the relevant Master Servicer or the relevant Special Servicer, as the case may be, to perform its obligations under the Servicing Agreement.

BANK ACCOUNTS AND CASH MANAGEMENT

General

Pursuant to the terms of an agreement to be dated on or about the Closing Date (the "**Cash Management Agreement**") between the Issuer, each Master Servicer, each Special Servicer, the Note Trustee, the Cash Manager, the Issuer Account Bank, the Swiss SPV Account Bank, the Swiss SPV, the Originators (other than Bankhaus Milan), the Issuer, the Swiss SPV, and the Note Trustee will appoint ABN AMRO Bank N.V. (London Branch) as the cash manager to provide certain cash management services on behalf of the Issuer and the Swiss SPV. On or about the Italian Issue Date, the Italian Issuer, the Representative of the Italian Noteholders and the Italian Account Bank will accede to the Cash Management Agreement and the Cash Manager will be appointed by the Italian Issuer to provide certain cash management services on behalf of the Italian Issuer and the Representative of the Italian Noteholders.

In performing the cash management services, ABN AMRO Bank N.V. (London Branch) will undertake to exercise the same level of skill, care and diligence as it would apply if it were the beneficial owner of the monies to which the cash management services relate, and that it will comply with any directions given by or on behalf of the Issuer, the Note Trustee, the Italian Issuer, the Representative of the Italian Noteholders or the Swiss SPV, as applicable, in accordance with the Cash Management Agreement.

The Cash Manager will, pursuant to the terms of the Cash Management Agreement, be required to make the payments as set out in as described under "*Application of Funds*" below on each Payment Date and, as applicable, any other relevant date.

The Issuer Accounts

The Cash Manager will be required to operate various accounts on behalf of the Issuer. These consist of the following accounts (together the "**Issuer Accounts**") which are required to have been opened by the Issuer Account Bank on or prior to the Closing Date:

(a) a Euro denominated account (the "**Issuer Euro Transaction Account**") into which, *inter alia*:

  (i) all payments from Borrowers under the Lightning Dutch Loan, the Tresforte Loan, the Tour Esplanade Loan and the Grazer Damm 2 Loan will be required to be transferred from the relevant Borrower accounts;

  (ii) all payments owing to the Issuer in accordance with the relevant Intercreditor Agreements will be required to be transferred from the relevant Tranching Accounts in respect of the Bridge Whole Loan, the Woolworth Boenen Whole Loan, the Falcon Crest Whole Loan, the E-Shelter Whole Loan, the Firebird Whole Loan and the Thunderbird Whole Loan;

  (iii) all payments due from the Italian Issuer pursuant to the Italian Notes will be transferred; and

  (iv) all Income Deficiency Drawings and payments made by the Swap Providers in relation to the Swap Agreements will be deposited;

(b) a Swiss Franc denominated account (the "**Issuer Swiss Franc Transaction Account**" and together with the Issuer Euro Transaction Account, the "**Issuer Transaction Accounts**") into which, *inter alia*, all Swiss Franc denominated payments due from the Swiss SPV to the Issuer will be paid,

(c) a Euro denominated reserve account (the "**Firebird Capex Reserve Account**") into which the Firebird Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(d) a Euro denominated reserve account (the "**Thunderbird Capex Reserve Account**") into which the Thunderbird Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(e) a Euro denominated reserve account (the "**E-Shelter Capex Reserve Account**") into which the E-Shelter Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(f) a Swiss France denominated reserve account (the "**Corvatsch Capex Reserve Account**") into which the Corvatsch Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(g) a Euro denominated reserve account (the "**Tour Esplanade Capex Reserve Account**") into which the Tour Esplanade Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(h) a Euro denominated liquidity facility stand-by account (the "**Stand-by Account**") into which the proceeds of any stand-by drawing (each, a "**Stand-by Drawing**") made pursuant to the terms of the Liquidity Facility Agreement will be paid (as to which see "*The Liquidity Facility and the Swap Agreements – The Liquidity Facility*");

(i) the Swap Collateral Cash Account and Swap Collateral Custody Account, each of which will only be required if a Swap Agreement Credit Support Document is entered into (as to which see "*The Liquidity Facility and the Swap Agreements - The Swap Agreements*"); and

(j) a Euro denominated account (the "**Class X Account**") into which the proceeds of the Class X Note (less the amount of any premium payable on the Class X Note) will be paid on the Closing Date.

The Swiss SPV Accounts

The Cash Manager will be required to operate two accounts on behalf of the Swiss SPV. These consist of the following accounts (together the "**Swiss SPV Accounts**") which are required to have been opened by the Swiss SPV Account Bank on or prior to the Closing Date:

(a) a Swiss Franc denominated account (the "**Swiss SPV Transaction Account**") into which, *inter alia* all payments from Borrowers under the Swiss Secured Loans will be required to be transferred from the relevant Borrower accounts; and

(b) a Swiss Franc denominated reserve account (the "**Swiss SPV Expenses Reserve Account**") into which the Swiss SPV Expenses Reserve Account will be deposited by the Issuer.

Italian Issuer Transaction Account

The Cash Manager will be required to operate a Euro denominated account on behalf of the Italian Issuer (the "**Italian Issuer Transaction Account**").

The Italian Issuer Transaction Account will be required to have been opened by the Italian Account Bank on or prior to the issue date of the Italian Notes into which, *inter alia* all payments from Borrowers under the Italian Loan will be required to be transferred from the relevant Borrower accounts.

Tranching Accounts

In addition to the Issuer Accounts, the Swiss SPV Accounts and the Italian Issuer Transaction Account, the following accounts (each a "**Tranching Account**") will, in accordance with the terms of the Servicing Agreement, be required to be opened by the General Master Servicer:

(a) a Euro denominated account (the "**Bridge Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers under the Bridge Whole Loan will be transferred for dividing between the Issuer and the relevant Specific B Piece Lender in accordance with the terms of the relevant Intercreditor Agreement;

(b) a Euro denominated account (the "**Woolworth Boenen Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers under the Woolworth Boenen Whole Loan will be transferred for dividing between the Issuer and the relevant Specific B Piece Lender in accordance with the terms of the relevant Intercreditor Agreement;

(c) a Euro denominated account (the "**Falcon Crest Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers under the Falcon Crest Whole Loan will be transferred for dividing between the Issuer and the relevant Specific B Piece Lender in accordance with the relevant Intercreditor Agreement;

(d) a Euro denominated account (the "**E-Shelter Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers under the E-Shelter Whole Loan will be transferred for dividing between the Issuer, the relevant Specific B Piece Lender and the Capex B Piece Lender in accordance with the relevant Intercreditor Agreement;

(e) a Euro denominated account (the "**Firebird Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers under the Firebird Whole Loan will be transferred for dividing between the Issuer and the Capex B Piece Lender in accordance with the relevant Intercreditor Agreement;

(f) a Euro denominated account (the "**Thunderbird Tranching Account**") into which amounts of interest, principal, fees, swap amounts and fees and other amounts received from the Borrower or Borrowers under the Thunderbird Whole Loan will be transferred for dividing between the Issuer and the Capex B Piece Lender in accordance with the relevant Intercreditor Agreement.

Pursuant to the terms of the Servicing Agreement, each Tranching Account will be opened in the name of the General Master Servicer and will be required to be held on trust by the General Master Servicer on trust for the benefit of the Issuer and the relevant B Piece Lender(s).

Ledgers maintained by the Cash Manager

The Cash Manager will maintain certain ledgers on behalf of the Issuer, the Swiss SPV and the Italian Issuer so as to properly record and account for relevant cash flow movements for each company, such ledgers will include *inter alia*:

(a) an interest ledger (an "**Interest Ledger**") for each of the Issuer, the Swiss SPV and the Italian Issuer;

(b) a principal ledger (a "**Principal Ledger**") for each of the Issuer, the Swiss SPV and the Italian Issuer;

(c) a prepayment fee ledger (a "**Prepayment Fee Ledger**") for each of the Issuer, the Swiss SPV and the Italian Issuer;

(d) an extension fee ledger (an "**Extension Fee Ledger**") for each of the Issuer, the Swiss SPV and the Italian Issuer;

(e) an Issuer liquidity ledger (the "**Issuer Liquidity Ledger**"),

and the Cash Manager will debit and credit these ledgers as follows:

(i) credit the relevant Interest Ledger with, as applicable, Issuer Interest Collections, Italian Available Issuer Income and Swiss SPV Interest Collections and debit the relevant Interest Ledger with all payments made out of, as applicable, Issuer Interest Collections, Italian Available Issuer Income and Swiss SPV Interest Collections;

(ii) credit the relevant Principal Ledger with, as applicable, all Issuer Principal Collections, Italian Available Principal, Swiss SPV Principal Collections and debit and debit the relevant Principal Ledger with all payments made out of, as applicable, Issuer Principal Collections, Italian Available Principal and Swiss SPV Principal Collections;

(iii) credit the relevant Prepayment Fee Ledger with all Prepayment Fees received by the Issuer, the Swiss SPV or, as applicable the Italian Issuer and debit the Prepayment Fee Ledger with all payments of Deferred Consideration which are as a result of Prepayment Fees and are made by the Issuer, the Swiss SPV or, as applicable the Italian Issuer;

(iv) credit the relevant Extension Fee Ledger with all Extension Fees received by the Issuer, the Swiss SPV or, as applicable the Italian Issuer and debit the Extension Fee Ledger with all payments of Deferred Consideration which are as a result of Extension Fees and are made by the Issuer, the Swiss SPV or, as applicable the Italian Issuer; and

(v) debit the Liquidity Ledger with all drawings made under the Liquidity Facility Agreement and credit the Liquidity Ledger with any payments made to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement and the Issuer Deed of Charge.

Costs and Expenses of Cash Manager, the Issuer Account Bank, the Swiss SPV Account Bank and the Italian Account Bank

On each Payment Date, the Issuer, the Swiss SPV and the Italian Issuer will, in accordance with the relevant priority of payments and in proportion with their respective shares, reimburse the Cash Manager for all out-of-pocket costs and expenses properly incurred by the Cash Manager and the Issuer Account Bank, the Swiss SPV Account Bank and/or the Italian Account Bank (as applicable) in the performance of their obligations on behalf of the Issuer, the Swiss SPV and the Italian Issuer, respectively.

Investment of Funds

Funds held in the Issuer Accounts, the Swiss SPV Accounts and the Italian Issuer Transaction Account may be held as cash or invested in Eligible Investments.

Any Eligible Investments will be charged by the Issuer in favour of the Note Trustee (on behalf of itself and the other Issuer Secured Creditors) pursuant to the terms of the Issuer Deed of Charge and by the Italian Issuer in favour of the Representative of the Italian Noteholders (on behalf of itself and the Italian Issuer Secured Creditors) pursuant to the terms of the Italian Issuer Deed of Charge. There will be no security granted by the Swiss SPV over any Eligible Investments made on its behalf.

"**Eligible Investments**" means (a) euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper and money market debt); *provided* that in all cases such investments will mature at least one business day prior to the next Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated "A-1+", "F1" and "P-1" by the Rating Agencies; and (b) any euro denominated money market fund rated at least "AAA" by S&P and "AAA" by Fitch and "Aaa" and "MR1+" by Moody's provided in each case such investments constitute "qualifying assets" for the purposes of Section 110 of the Irish Taxes Consolidation Act, 1997.

Interest earned on the Swap Collateral Cash Account and distributions on investments held in the Swap Collateral Custody Account will be paid to the relevant Swap Provider pursuant to and in accordance with the terms of the relevant Swap Agreement.

Any interest or other income earned on funds in the Issuer Accounts during an Interest Period will form part of the Available Interest Collections for the next following Payment Date and be distributed along with other Available Interest Collections in accordance with the terms of the Issuer Deed of Charge and the relevant Issuer Priority of Payments.

Calculations required to be undertaken by the Cash Manager

Based on certain calculations made by the General Master Servicer (as described under "*Servicing of the Loans – Calculations by the General Master Servicer and General Special Servicer*" above) and on other information provided to it by, *inter alios*, the relevant Master Servicer, on each Determination Date, the Cash Manager will determine the following:

(a) the amount required to pay interest and principal due on the Notes and all other amounts payable by the Issuer on the forthcoming Payment Date;

(b) the Principal Amount Outstanding of each class of Notes;

(c) the Adjusted Notional Amount Outstanding of each class of Notes and the amount of Applicable Principal Losses to be applied to each class of Notes on the next following Payment Date;

(d) the Pool Factor for each class of Notes for the Interest Period commencing on the next following Payment Date;

(e) the amount of each Note Principal Payment (as defined in Condition 6(f) (*Note Principal Payments, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor*)) due on the next following Payment Date;

(f) the amount of any drawing which the Issuer is entitled to make under the Liquidity Facility Agreement;

(g) the amount of Available Interest Collections and Available Principal Collections available for distribution by the Issuer on the next following Payment Date;

(h) the Class X Interest Rate.

If the Issuer is entitled to make an Income Deficiency Drawing, the Cash Manager will submit a notice of drawdown in the appropriate amount to the Liquidity Facility Provider and pay the proceeds into the Transaction Account. If the Cash Manager fails to submit such a request, the Issuer (or the General Master Servicer on its behalf) may do so.

Termination of Appointment of the Cash Manager

The Cash Manager's appointment may be terminated by, *inter alios*, the Issuer or the Note Trustee (in relation to the cash management services provided to the Issuer), the Swiss SPV (in relation to the cash management services provided to the Swiss SPV) or the Italian Issuer or the Representative of the Italian Noteholders (in relation to the cash management services provided to the Italian Issuer) upon not less than three months' prior written notice without cause or immediately upon the occurrence of certain specified termination events. These include:

(a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer, the Swiss SPV or the Italian Issuer (as applicable);

(b) a default in the performance of any of its other duties in accordance with and pursuant to the terms of the Cash Management Agreement which continues unremedied for 15 Business

Days after the earlier of the Cash Manager becoming aware of such default or receipt by the Cash Manager of a written notice from the Note Trustee, the Swiss SPV, the Italian Issuer or, as the case may be, the Representative of the Italian Noteholders (in each case, as applicable) or the Issuer notifying the Cash Manager of such default; or

(c) the occurrence of an insolvency related event in relation to the Cash Manager.

The Cash Manager may resign as Cash Manager upon giving not less than 90 days' written notice of resignation to various parties, including the relevant Master Servicer, the Issuer, the Note Trustee, the Swiss SPV, the Italian Issuer and the Representative of the Noteholders. The provisions regarding the termination of appointment apply to the Calculation Agent in the same way.

No termination of the Cash Manager's appointment, for whatever reason, will take effect until such time as a suitable successor has been appointed. The provisions regarding the appointment of a successor apply to the Calculation Agent in the same way.

Termination of appointment of the Issuer Account Bank, the Swiss SPV Account Bank and the Issuer Account Bank

If the short-term unsecured, unguaranteed and unsubordinated debt obligations of ABN AMRO Bank N.V. (London Branch), are rated below "A-1+" by S&P, "F1" by Fitch or "P-1" by Moody's (the "**Account Bank Required Rating**"), the Issuer Accounts, the Swiss SPV Accounts, the Italian Issuer Transaction Account and the Tranching Accounts are required to be transferred to another bank that has the Account Bank Required Rating (subject to the entering in of arrangements on similar terms to those contained in the Cash Management Agreement). If at the time when a transfer of the accounts would otherwise have to be made there is no other bank that has an Account Bank Required Rating or if no bank that has an Account Bank Required Rating agrees to accept the Issuer Accounts, the Swiss SPV Accounts, the Italian Issuer Transaction Account, the Tranching Accounts, the Issuer Accounts, the Swiss SPV Accounts, the Italian Issuer Transaction Account and the Tranching Accounts need not be transferred until such time as there is a bank which has an Account Bank Required Rating or a bank with an Account Bank Required Rating agrees to the transfers. If the Cash Manager (or in respect of the Tranching Accounts, the General Master Servicer) wishes to change the bank or branch at which any of the Issuer Accounts, the Swiss SPV Accounts, the Italian Issuer Transaction Account or the Tranching Accounts (as applicable) are maintained for any other reason, it is required to obtain the prior written consent of the Issuer and the Note Trustee (in the case of the Issuer Accounts and the Tranching Accounts), the Swiss SPV, the Issuer and the Note Trustee (in the case of the Swiss SPV Transaction Account) and the Italian Issuer and the Representative of the Italian Noteholders in relation to the Italian Issuer Account.

THE LIQUIDITY FACILITY AND THE SWAP AGREEMENTS

The Liquidity Facility

General. To address the risk of Borrowers failing to make payments under their Loan Agreements when due, the Issuer will, on or about the Closing Date, enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**") with, among others, the Liquidity Facility Provider and the Note Trustee whereby the Liquidity Facility Provider will provide a committed 364-day revolving liquidity facility of up to an initial principal amount of €97,331,000 available to the Issuer from the Closing Date (the "**Liquidity Facility**") and which will be renewable as described below. Investors should note that the purpose of the Liquidity Facility Agreement is to provide liquidity, not credit support, and that the Liquidity Facility Provider is entitled to receive interest on drawings made under the Liquidity Facility Agreement which could ultimately reduce the amount available for distribution to Noteholders.

Drawings. On each Determination Date, the Cash Manager will determine whether:

(a) the aggregate of:

(i) Issuer Interest Collections transferred into the relevant Issuer Transaction Accounts during the related Collection Period;

(ii) the amount of any payments due to the Issuer pursuant to the terms of the Swap Agreements (such payments to be calculated by the relevant Calculation Agent (as defined in the relevant Swap Agreement) and notified to the Cash Manager by 12.00 noon (Brussels time) on the Business Day prior to each Determination Date); and

(iii) any interest accrued upon amounts on deposit in any Issuer Account and the income from, and the proceeds of, any Eligible Investments made in the name of the Issuer during the related Collection Period (but excluding the principal proceeds of any Eligible Investments of the Class X Investment Amount),

less

(b) any Loan Protection Advances and any Revenue Priority Amounts paid by the Issuer during the related Collection Period or due to be paid by the Issuer prior to the Payment Date following such Determination Date,

will be sufficient to make the payments set out under items (i) through (xii) inclusive of the Issuer Revenue Pre-Enforcement Priority of Payments. If such amounts are insufficient, the Cash Manager will, subject to the provisions of the following paragraph, make a drawing (an "**Income Deficiency Drawing**") under the Liquidity Facility Agreement in an amount equal to the deficiency, which will be credited to the relevant Issuer Transaction Accounts (or the relevant Tranching Account, as applicable) and will be applied by the Issuer as part of the Available Interest Collections on the Payment Date following such Determination Date. In addition, the Issuer (or the Cash Manager on its behalf) is permitted on any date that is not a Payment Date to make an advance under the Swiss Intercompany Loan to the Swiss SPV and pay an Italian Issuer RC Fee to the Italian Issuer, in order to allow the Swiss SPV and the Italian Issuer to have sufficient funds available to make any Loan Protection Advance that is required to be made by the Swiss SPV and/or the Italian Issuer at such time, such payments to be funded by the Issuer pursuant to a draw down under the Liquidity Facility on such date.

The maximum principal amount available under the Liquidity Facility on each Payment Date will be an amount equal to 6.5 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes.

Upon the Aggregate Adjusted Notional Amount Outstanding of the Notes decreasing below €1,100,000,000 but not below €500,000,000, the maximum principal amount available under the

Liquidity Facility will be decreased to €71,500,000 (the "**Initial Threshold Amount**") provided that on each Payment Date on which the Initial Threshold Amount is equal to or greater than 9 per cent. of the aggregate Notional Amount Outstanding of the Notes, the maximum principal amount available under the Liquidity Facility will be equal to 9 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes.

Upon the Aggregate Adjusted Notional Amount Outstanding of the Notes decreasing below €500,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €45,000,000 (the "**Secondary Threshold Amount**") provided that on each Payment Date on which the Secondary Threshold Amount is equal to or greater than 11 per cent. of the aggregate Notional Amount Outstanding of the Notes, the maximum principal amount available under the Liquidity Facility will be equal to the greater of (i) 11 per cent. of the then aggregate Adjusted Notional Amount Outstanding of the Notes and (ii) €15,000,000.

If any Loan is the subject of an Appraisal Reduction, the maximum principal amount available under the Liquidity Facility will decrease by an amount, expressed as a percentage, equal to the relevant Appraisal Reduction divided by the aggregate appraisal value of all Properties immediately prior to such Appraisal Reduction.

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than in respect of any payments payable under item (xiv) of the Issuer Revenue Pre-Enforcement Priority of Payments) will rank in point of priority ahead of payments of interest on the Notes.

Renewal of Facility. The Liquidity Facility Agreement will be a renewable 364-day committed revolving loan facility which will be renewed by the Issuer subject to the detailed provisions of the Liquidity Facility Agreement until the earlier of: (a) the date upon which no amounts remaining outstanding on the Notes; and (b) the Maturity Date. The Liquidity Facility Agreement will provide that if at any time:

(a) the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below "A-1+" (or its equivalent) by S&P or "F1" (or its equivalent) by Fitch or "P-1" (or its equivalent) by Moody's, or below such other short-term rating as is commensurate with the ratings assigned to the Notes from time to time; or

(b) the Liquidity Facility Provider refuses to extend the commitment period of the Liquidity Facility Agreement,

then the Issuer will require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement into the Stand-by Account. Amounts standing to the credit of the Stand-by Account will be available to the Issuer for the purposes of making Income Deficiency Drawings as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement. Upon the service of a Note Enforcement Notice, amounts standing to the credit of the Stand-by Account will be payable directly to the Liquidity Facility Provider and will not be available for distribution to Noteholders or any other Issuer Secured Creditors.

Amounts drawn by the Issuer pursuant to the terms of the Liquidity Facility Agreement will be repayable to the Liquidity Facility Provider (together with, *inter alia*, any interest thereon) on the next subsequent Payment Date in accordance with the relevant Issuer Priority of Payments. However, if there is any amount outstanding under the Liquidity Facility at any time during an Interest Period (other than for the avoidance of doubt any amount which constitutes a Subordinated Liquidity Amount), then the Issuer will, once it has received during such Interest Period receipts which would on the immediately following Payment Date constitute Available Interest Collections in an amount equal to the then Anticipated Issuer Senior Administrative Costs Amount for such Interest Period and after application of any Priority Amounts then due and payable, be required to apply any further amounts which it receives during such Interest Period and which would also on the immediately following Payment Date constitute Available Interest Collections in repaying (at the time such amount is credited to the relevant Issuer Transaction Account (or as shortly thereafter as is

possible)) any amounts then outstanding on the Liquidity Facility, including any applicable break costs arising as a result of such payment (other than for the avoidance of doubt any amount which constitutes a Subordinated Liquidity Amount) (such payments to the Liquidity Facility Provider being "**Liquidity Facility Advance Payments**").

The "**Anticipated Issuer Senior Administrative Costs Amount**" for any Interest Period is: (a) €150,000; or (b) such other higher (but never lower) amount that the Cash Manager may consider from time to time as representing an amount in aggregate equal to the amounts to be falling due and payable on the immediately following Payment Date under items (i) to (iv) of the Issuer Revenue Pre-Enforcement Priority of Payments (excluding for these purposes any amount payable to the Liquidity Facility Provider under item (iv) of the Issuer Revenue Pre-Enforcement Priority of Payments).

The Swap Agreements

On or before the Closing Date, the Issuer will enter into one or more swap agreements in the form of an ISDA 1992 Master Agreement (Multicurrency – Cross Border) and schedule thereto with the relevant Swap Provider in respect of each of the Falcon Crest Whole Loan (the "**Falcon Crest Swap Agreement**"), the Bridge Whole Loan (the "**Bridge Swap Agreement**"), the Woolworth Boenen Whole Loan (the "**Woolworth Boenen Swap Agreement**"), the Firebird Whole Loan (the "**Firebird Swap Agreement**"), the Thunderbird Whole Loan (the "**Thunderbird Swap Agreement**"), the E-Shelter Whole Loan (the "**E-Shelter Swap Agreement**") and the Corvatsch Unsecured Whole Loan (the "**Corvatsch Swap Agreement**") (together, the "**Loan Specific Swap Agreements**"). In addition, on or before the Closing Date, the Issuer will enter into a further swap agreement in the form of an ISDA 1992 Master Agreement (Multicurrency – Cross Border) and schedule thereto with the relevant Swap Provider (the "**Issuer Swap Agreement**" and together with the Loan Specific Swap Agreements, the "**Swap Agreements**" and the Issuer Swap Agreement and the Loan Specific Swap Agreement each being a "**Swap Agreement**").

Interest Rate Swap Transactions

On or about the Closing Date, certain existing interest rate swap transactions (the "**Interest Rate Swap Transactions**") entered into by the Originators in respect of the Loans will, concurrent with the assignment of the relevant Originator's interests in such Loans and Related Security to the Issuer, be novated to the Issuer. Once novated, the relevant interest rate swap transactions will be governed by the terms of the relevant Swap Agreement.

Pursuant to each Interest Rate Swap Transaction (other than the Interest Rate Swap Transactions relating to the Swiss Secured Loans), an amount in Euro calculated by reference to the fixed rate that accrues on the Loan to which such Interest Rate Swap Transaction relates and the outstanding amount of such Loan will be swapped for an amount in euro calculated by reference to a floating rate of interest based on EURIBOR and the outstanding amount of such Loan. Amounts payable under an Interest Rate Swap Transaction will be made on the Payment Dates.

Pursuant to each Interest Rate Swap Transaction relating to a Swiss Secured Loan, an amount in Swiss Francs calculated by reference to the fixed rate that accrues on the Loan to which such Interest Rate Swap Transaction relates and the outstanding amount of such Loan will be swapped for an amount in Swiss Francs calculated by reference to a floating rate of interest based on Swiss LIBOR and the outstanding amount of such Loan.

Amounts payable under an Interest Rate Swap Transaction will be made on the Payment Dates.

Interest Rate Cap Transactions

On or about the Closing Date, certain existing interest rate cap transactions or portions thereof (the "**Interest Rate Cap Transactions**") entered into by the Originators in respect of each of the Thunderbird Whole Loan, the Firebird Whole Loan and the Falcon Crest Whole Loan will, concurrent with the assignment of the relevant Originator's interests in such Loans and Related

Security to the Issuer, be novated to the Issuer. Once novated, the relevant interest rate cap transactions will be governed by the terms of the relevant Swap Agreement.

Pursuant to the terms of each Interest Rate Cap Transaction, on each payment date in respect of which EURIBOR exceeds a specified level (the "**Strike Rate**") the relevant Swap Provider will make a payment to the Issuer of an amount in Euro calculated by reference to the notional amount of the relevant Interest Rate Cap Transaction and a rate equal to the difference between EURIBOR and the applicable Strike Rate.

Pursuant to the terms of each Loan Agreement:

(a) the Issuer may, under certain circumstances, be required to pay to the relevant Borrower any gains payable by the relevant Swap Provider upon breakage of the relevant Interest Rate Swap Transactions, *provided that* during the continuance of a default under the relevant Loan Agreement, any such gains will be available to pay amounts due in respect of the relevant Loan, including interest and principal; and

(b) the relevant Borrower is required to indemnify the Issuer in respect of any amounts payable by the Issuer to the relevant Swap Provider upon breakage of the relevant Interest Rate Swap Transaction prior to its stated termination date.

Date Adjustment Swap Transactions

On or about the Closing Date the Issuer will enter into four basis swap transactions with the relevant Swap Provider (the "**Date Adjustment Swap Transactions**") in respect of the loans comprising the Firebird Whole Loan, the Thunderbird Whole Loan and the Falcon Crest Whole Loan. The Date Adjustment Swap Transactions will be governed by the terms of the Issuer Swap Agreement.

Pursuant to the terms of the Date Adjustment Swap Transactions the Issuer will hedge any exposure to fluctuations in EURIBOR determined by reference to the Loan Payment Dates for the loans comprising the Fortezza Loan Portfolio, the Thunderbird Whole Loan and the Falcon Crest Whole Loan and EURIBOR as determined by the Agent Bank on the corresponding Interest Rate Determination Date for the Notes. Payments under the Date Adjustment Swap Transactions will be made on the Payment Dates.

Currency Swap Transactions

On or about the Closing Date the Issuer will enter into a cross currency and interest swap transaction in respect of each of the Swiss Unsecured Loans with the Currency Swap Provider (each a "**Currency Swap Transaction**" and together the "**Currency Swap Transactions**"). The Currency Swap Transaction in respect of the Corvatsch Unsecured Loan will be governed by the terms of the Corvatsch Swap Agreement. The Cross Currency Swap Transactions in respect of the Cinedome Unsecured Loan and the Corviglia Unsecured Loan will be governed by the terms of the Issuer Swap Agreement.

Pursuant to the terms of the Currency Swap Transactions the Issuer will, on the Closing Date, swap a portion of the proceeds of the Notes for an equivalent amount Swiss Francs calculated by reference to a fixed rate of exchange. The Issuer will use the Swiss Francs received from the relevant Swap Counterparty to make loans to the Swiss SPV under the Swiss Unsecured Loan Agreements.

On each Payment Date the Issuer will swap an amount equal to anticipated principal and interest payments that the Swiss SPV will have received from the Swiss Secured Loans during the immediately preceding Loan Interest Period (or in respect of the first Payment Date the appropriate *pro rata* amount) (such amount being denominated in Swiss Francs and based on Swiss LIBOR) for an equivalent amounts denominated in Euro and based on EURIBOR, converted at the fixed rate of exchange *less* (i) CHF 45,000 (such amount representing the amount which the Issuer reasonably believes will be the costs and expenses that the Swiss SPV will be required to deduct from the Swiss

Secured Loan payments received on such Loan Payment Date so as to meet its on going costs and expenses) and (ii) the amount of any Liquidation Fee due and payable in respect of any Swiss Secured Loan and in respect of any Swiss Secured Loan which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of such Swiss Secured Loan for the relevant Loan Interest Period.

Payments under each Currency Swap Transaction will be made on the Loan Payment Dates corresponding to the relevant Swiss Unsecured Loan.

Swap Agreements – Common Terms

The Swap Agreements may be terminated in accordance with certain termination events and events of default, some of which are more particularly described below. In addition, if the Loans (including the B Piece of any Whole Loan) are prepaid or sold (in full or in part) or the A Piece of any Whole Loan is repaid or sold in full or if there is a redemption (in full or in part) of the Notes or a reduction of the Adjusted Notional Amount Outstanding of the Notes following a Principal Loss, then the corresponding portion of the transactions entered into under the relevant Swap Agreement will be terminated. In the event of a termination (in whole or in part) of the transactions entered into under a Swap Agreement, a swap breakage cost may be due to the Swap Provider. The Borrowers pursuant to the terms of the relevant Loan Agreement, have agreed to indemnify the Issuer for such swap breakage costs.

Subject to the following, each Swap Provider is obliged only to make payments under the relevant Swap Agreement to the extent that the Issuer makes the corresponding payments thereunder. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under a Swap Agreement will constitute a default thereunder and entitle the Swap Provider to terminate the relevant Swap Agreement.

Each Swap Provider will be obliged to make payments pursuant to the terms of the relevant Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Provider will, subject to certain conditions, be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required. The Issuer is similarly obliged to make payments under the Swap Agreements without any withholding or deduction of taxes unless required by law and is similarly obliged to pay additional amounts. Such additional amounts will be payable in priority to amounts payable on the Notes.

The Swap Agreements will provide, however, that if due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law, either the relevant Swap Provider or the Issuer will, or there is a substantial likelihood that it will, on the next Payment Date, be required to pay additional amounts in respect of tax under the relevant Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (a "**Tax Event**"), the relevant Swap Provider may, but will not be obligated to, transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Tax Event. If no such transfer can be effected, the relevant Swap Agreement may be terminated. If a Swap Agreement is terminated as a result of a Tax Event and the Issuer is unable to find a replacement swap provider to enter into a replacement interest rate swap agreement which is for the same purpose as and on similar terms to such Swap Agreement, the Issuer may redeem all of the Notes in full. Such redemption will be required to be made by the Issuer to the extent of an amount equal to the then aggregate Principal Amount Outstanding of the Notes plus interest accrued and unpaid thereon. See "*Terms and Conditions of the Notes*", specifically Condition 6(e). The Swap Agreements will contain certain other limited termination events and events of default which will entitle either party to terminate it. If a Swap Agreement is terminated as a result of such termination events or events of default, the Issuer (the Master Servicer and the Special Servicer on its behalf) may find a replacement swap provider to enter into a replacement swap agreement which is for the same purpose as and on similar terms to such Swap Agreement.

Transfer of Obligations

A Swap Provider may, at its own discretion and at its own expense, novate its rights and obligations under a Swap Agreement to any third party with the appropriate ratings, provided each Rating Agency (other than Moody's) has provided written confirmation that the then current ratings of each class of Notes rated by such Rating Agency will not be qualified, downgraded or withdrawn as a result of such novation and provided further that such third party agrees to be bound by, *inter alia*, the terms of the Issuer Deed of Charge, on substantially the same terms as the Swap Provider.

Swap Guarantor Downgrade Event

In respect of the Swap Agreements, if:

(a) the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A-1+" by S&P (in the case of the Currency Swap Transactions) or "A-1" by S&P (in the case of the Interest Rate Swap Transactions and the Date Adjustment Swap Transaction) or "F1" by Fitch; or

(b) if the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "P-1" by Moody's or if the rating of the long-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A2" by Moody's at any time,

then the Swap Guarantor will be required to comply with the requirements set out in the relevant Swap Agreement which may require:

(i) the delivery to an account in the name of the Issuer of collateral (which collateral may be in the form of cash or securities) in respect of its obligations under the relevant Swap Agreement in an amount or value determined in accordance with the swap collateral guidelines specified in the relevant Swap Agreement, provided that, if the short-term, unsecured, unsubordinated debt obligations if the Swap Guarantor fall below "F2" by Fitch, such collateral will have to be independently verified by a third party; or

(ii) the provision of a guarantee of a third party in respect of the relevant transactions whose:

(1) short-term unsecured, unsubordinated debt obligations are rated "A-1+" by S&P (in the case of the Currency Swap Transactions) or "A-1" by S&P (in the case of the Interest Rate Swap Transactions and the Date Adjustment Swap Transaction) and "F1" or above by Fitch; and

(2) short-term unsecured, unsubordinated debt obligations are rated "P-1" or above by Moody's and the long-term unsecured, unsubordinated debt obligations are rated "A2" or above by Moody's; or

(iii) the transfer of all its rights and obligations under the relevant Swap Agreement in respect of the relevant transactions to a replacement third party (which may include any affiliate of the Swap Provider) whose:

(1) short-term unsecured, unsubordinated debt obligations are rated "A-1+" by S&P (in the case of the Currency Swap Transactions) or "A-1" by S&P (in the case of the Interest Rate Swap Transactions and the Date Adjustment Swap Transaction) and "F1" or above by Fitch; and

(2) short-term unsecured, unsubordinated debt obligations are rated "P-1" or above by Moody's and the long-term unsecured, unsubordinated debt obligations are rated "A2" or above by Moody's; or

(iv) provided that the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor are still rated at least "P-1" and its long-term unsecured, unsubordinated debt obligations are still rated at least "A2" by Moody's, take such other action as the relevant Swap Provider may agree with Fitch or, as applicable, S&P as will result in any Note then outstanding, following the taking of such other action, not being rated lower than the rating of such Note immediately prior to the downgrade of that Swap Provider.

In the event that: (a) the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A3" by S&P or "F3" by Fitch; or (b) the rating of the short-term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "P-2" by Moody's or the long term unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "A3" by Moody's, at any time, then, in addition to the requirements set out at (i) and (ii) above, the Swap Guarantor will be required by the relevant Swap Agreement to post increased collateral on a daily basis.

Credit Support – Terms

The Issuer and the relevant Swap Provider will enter into a Swap Agreement Credit Support Document in respect of each Swap Agreement on the Closing Date. Each Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in such Swap Agreement Credit Support Document, the relevant Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Swap Agreements and the Issuer will be obliged to return such collateral in accordance with the terms of the relevant Swap Agreement Credit Support Document.

Collateral amounts that may be required to be posted by the relevant Swap Provider pursuant to the terms of the relevant Swap Agreement Credit Support Documents may be delivered in the form of cash or securities. Cash amounts will be paid into an account designated an "**Swap Collateral Cash Account**" and securities will be transferred to an account designated a "**Swap Collateral Custody Account**". References in this Prospectus to a Swap Collateral Cash Account or to a Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to payments from such accounts as and when opened by the Issuer.

If a Swap Collateral Cash Account and/or a Swap Collateral Custody Account are opened, cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement Credit Support Documents.

APPLICATION OF FUNDS

General

The payment of principal and interest by: (i) the Borrowers under the Loans; (ii) the Swiss SPV under the Swiss Unsecured Loans; and (iii) the Italian Issuer under the Italian Notes will provide the principal source of funds for the Issuer to make payments of interest and repayments of principal in respect of the Notes. Any temporary liquidity surpluses in any of the Issuer Accounts, the Italian Transaction Account or the Swiss SPV Accounts will be invested in Eligible Investments.

Funds Paid into the Issuer Euro Transaction Account and the Issuer Swiss Franc Transaction Account

On each Payment Date, the Issuer will make any payment then due and payable to each Swap Provider pursuant to the terms of the Swap Agreements and each Swap Provider will pay any amounts due to the Issuer into the Issuer Euro Transaction Account, or, in the case of the Bridge Whole Loan, the Falcon Crest Whole Loan, the E-Shelter Whole Loan, the Firebird Whole Loan and the Thunderbird Whole Loan, the relevant Tranching Account.

On or shortly after each Loan Payment Date, each Security Agent, acting on the instructions of the relevant Master Servicer, will transfer from the relevant Borrowers' account to:

(a) in respect of the Lightning Dutch Loan, the Tresforte Loan, the Tour Esplanade Loan, and the Grazer Damm 2 Loan, the Issuer Euro Transaction Account;

(b) in respect of the Italian Loan, the Italian Issuer Transaction Account;

(c) in respect of the Swiss Secured Loans (including the Corvatsch Secured Whole Loan), the Swiss SPV Transaction Account;

(d) in respect of the Bridge Whole Loan, the Bridge Tranching Account;

(e) in respect of the Woolworth Boenen Whole Loan, the Woolworth Boenen Tranching Account;

(f) in respect of the Falcon Crest Whole Loan, the Falcon Crest Tranching Account;

(g) in respect of the E-Shelter Whole Loan, the E-Shelter Tranching Account;

(h) in respect of the Firebird Whole Loan, the Firebird Tranching Account; and

(i) in respect of the Thunderbird Whole Loan, the Thunderbird Tranching Account,

an amount in respect of interest, principal and fees and other amounts then due and payable pursuant to the terms of the relevant Loan Agreements.

In relation to amounts transferred to the relevant Tranching Accounts, the General Master Servicer will calculate the proportion of the resulting amounts due to each of the Issuer and the holder of the relevant B Piece in accordance with the terms of the relevant Intercreditor Agreement and then transfer amounts (net of any relevant servicing fees) due to the Issuer from the relevant Tranching Account into the Issuer Euro Transaction Account.

In addition, payments of interest and repayments of principal from the Swiss SPV on the Swiss Unsecured Loans (or, as the case may be, the applicable A Piece thereof) and the Swiss Intercompany Loan will be credited to the Issuer Swiss Franc Transaction Account and payments of interest and repayments of principal on the Italian Notes will be credited to the Issuer Euro Transaction Account.

Amounts on deposit in the Issuer Euro Transaction Account or the Issuer Swiss Franc Transaction Account (as applicable) from time to time will be identified as follows:

(a) "**Issuer Interest Collections**", which consist of all payments of: (i) interest, fees (other than Prepayment Fees and Extension Fees), breakage costs, expenses, commissions and other sums paid by a Borrower in respect of the Loans or the Related Security owned by the Issuer (other than any payments in respect of principal), including recoveries in respect of such amounts on enforcement of such Loan or the Related Security; (ii) all payments of interest, fees and other amounts (excluding principal) in relation to the Swiss Unsecured Loans and the Swiss Intercompany Loan; and (iii) all payments of interest, fees and other amounts (excluding principal) in relation to the Italian Notes;

(b) "**Swap Amounts**", which consist of all amounts (other than any swap breakage costs payable to the Issuer by any Swap Provider pursuant to the terms of a Swap Agreement and which are in excess of any amount required by the Issuer to enter into any required replacement Swap Agreement and which are required to be paid to any Borrower of a performing Loan) paid to the Issuer by the relevant Swap Provider pursuant to the terms of the relevant Swap Agreement (and any equivalent amounts paid by the Swap Guarantor pursuant to the terms of the relevant Swap Guarantee);

(c) Amortising Payments (as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*));

(d) Principal Prepayments (as defined in Condition 6(b));

(e) Principal Recovery Proceeds (as defined in Condition 6(b));

(f) Final Principal Payments (as defined in Condition 6(b));

(g) Liquidity Drawings;

(h) "**Prepayment Fees**", which consist of all fees and costs (except for breakage costs) received by the Issuer as a result of any Principal Prepayment, including any such fees arising from a prepayment following the enforcement of a relevant Loan;

(i) "**Extension Fees**", which consist of all fees received by the Issuer as a result of an extension of the Loan Maturity Date of the Thunderbird Loan, the Corvatsch Loan, the Lightning Dutch Loan, the Corviglia Loan and the Firebird Loan; and

(j) any interest earned on any amounts standing to the credit of the relevant Issuer Account.

Neither Prepayment Fees nor Extension Fees will be included in the calculation of Issuer Interest Collections at any time. Prepayment Fees and Extension Fees received during any Collection Period for a relevant Loan will be paid to the relevant Originator or, as applicable, LBF (or any other person or persons than otherwise entitled thereto) pursuant to the terms of the relevant Loan Sale Agreement as a component of Deferred Consideration.

Payments out of the Issuer Transaction Accounts Prior to Enforcement of the Notes

Priority Amounts. The Issuer (or the Cash Manager on its behalf) is required, prior to the service of a Note Enforcement Notice, to make the following payments out of the relevant Issuer Transaction Account (to the extent that amounts are available), on a date other than a Payment Date, in priority to all other amounts required to be paid by the Issuer:

(a) out of:

(i) Issuer Interest Collections and Swap Amounts; and

(ii) where the aggregate of such Issuer Interest Collections and Swap Amounts are insufficient, Issuer Principal Collections (as defined below),

amounts that were reserved on the immediately preceding Payment Date in accordance with item (vi) of the Issuer Revenue Pre-Enforcement Priority of Payments to cover Revenue Priority Amounts, Loan Protection Advances and Swap Amounts, any amounts due and payable by the Issuer in the course of its business, consisting of sums due to third parties (such as the Rating Agencies), other than the Issuer Secured Creditors (as defined in "*Summary – Issuer Secured Creditors*"), including costs, expenses, fees and indemnity claims due and payable to any receiver appointed on behalf of a Security Agent in respect of a Loan or its Related Security to the extent not previously paid; and the Issuer's liability, if any, to corporation tax and/or value added tax (such items being, "**Revenue Priority Amounts**");

(b) out of Issuer Interest Collections, when due, any amount in respect of interest payable by the Issuer to an Originator in respect of a Relevant Loan which has been repurchased/purchased by the relevant Originator in accordance with the related Loan Sale Agreement, which amount is payable by the Issuer as a result of such repurchase/purchase (such amounts, also "**Revenue Priority Amounts**"); and

(c) out of Borrower Principal Collections, when due, any amounts in respect of principal payable by the Issuer to an Originator pursuant to the related Loan Sale Agreement following the repurchase/purchase of the Relevant Loan by the relevant Originator, which amount is payable by the Issuer to such Originator as a result of such repurchase/purchase ("**Principal Priority Amounts**").

All Revenue Priority Amounts and/or Principal Priority Amounts are to be paid in euro using funds in the Issuer Euro Transaction Account.

In addition the Issuer (or the Cash Manager on its behalf) is permitted on any date that is not a Payment Date:

(d) to make an advance under the Swiss Intercompany Loan to the Swiss SPV and pay an Italian Issuer RC Fee to the Italian Issuer, in order to allow the Swiss SPV and the Italian Issuer to have sufficient funds available to make any Loan Protection Advance that is required to be made by the Swiss SPV and/or the Italian Issuer at such time, such payments to be funded by the Issuer pursuant to a draw down under the Liquidity Facility on such date; and

(e) prior to the service of a Note Enforcement Notice, to pay to the Liquidity Facility Provider any Liquidity Facility Advance Payments that it is able to make on such date pursuant to the terms of the Liquidity Facility Agreement and the Cash Management Agreement.

"**Issuer Principal Collections**" means the aggregate of Amortising Payments, Principal Prepayments, Final Principal Payments and Principal Recovery Proceeds and all principal amounts repaid to the Issuer under each of the Swiss Unsecured Loans and the Italian Notes.

Any Swap Amounts relating to Swap Transactions for Whole Loans will be deposited on the Payment Date into the relevant Tranching Account before amounts are applied in accordance with the applicable Intercreditor Agreement and the Issuer Priority of Payments.

Issuer Revenue Pre-Enforcement Priority of Payments

Available Interest Collections

On each Payment Date prior to the service of a Note Enforcement Notice:

(a) all Issuer Interest Collections transferred by or at the direction of the Master Servicer and the Issuer into the Issuer Transaction Accounts during the Collection Period ended immediately

before such Payment Date (less any Issuer Interest Collections applied during such Collection Period in payment of any Revenue Priority Amounts);

(b) all Swap Amounts paid on such Payment Date (other than amounts attributable to swap collateral (and income thereon)) less any Swap Amounts paid into the Tranching Accounts on such Payment Date;

(c) the proceeds of any Income Deficiency Drawings made under and in accordance with the Liquidity Facility Agreement in respect of such Payment Date; and

(d) any interest accrued upon and paid to the Issuer on the Issuer Transaction Accounts and the income from any Eligible Investments made in the name of the Issuer,

such amounts being, collectively, "**Available Interest Collections**", and as determined by the Cash Manager on the basis of, *inter alia*, the information provided by the Master Servicer, will be applied in the following order of priority (the "**Issuer Revenue Pre-Enforcement Priority of Payments**"), to the extent of available funds:

(i) *first*, to pay any amounts due and payable by the Issuer to Note Trustee, in accordance with and pursuant to the terms of the Transaction Documents;

(ii) *second,* €400 to be retained by the Issuer and paid into the Issuer Domestic Account as a mandated profit (the "**Issuer Profit Amount**") and to pay Irish tax thereon;

(iii) *third*, to pay to the Swap Providers, any swap breakage costs payable in accordance with and pursuant to the terms of the Swap Agreements (but excluding any Subordinated Swap Payments to be paid to the Swap Providers pursuant to the terms of the Swap Agreements in accordance with item (xiii) below) *provided* that the amount of any premium or other upfront payment paid to and actually received by the Issuer to enter into a swap to replace any of the Swap Transactions less any costs incurred by the Issuer in procuring such replacement swap shall be applied first in payment of any break costs due to the relevant Swap Provider;

(iv) *fourth*, to pay, *pro rata* and *pari passu*, any amounts due and payable by the Issuer:

(a) to the Paying Agents, the Registrar, the Transfer Agent, the Exchange Agent and the Agent Bank, in accordance with and pursuant to the terms of the Agency Agreement;

(b) to the extent not otherwise already paid, in respect of any amounts due to the relevant Master Servicers and the relevant Special Servicers or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of any ancillary delegation arrangements) (other than in respect of the Swiss Secured Loans and the Italian Loan) in accordance with and pursuant to the terms of the Servicing Agreement (including any arrears of amounts payable by a B Piece Lender to the General Master Servicer and the General Special Servicer in accordance with and pursuant to the terms of the Servicing Agreement) (other than any Liquidation Fees and any Workout Fees due and payable in respect of a Loan which is repaid in full during the immediately preceding Loan Interest Period);

(c) to the Cash Manager the Issuer's portion of the then Cash Manager's fees, costs and expenses, in accordance with and pursuant to the terms of the Cash Management Agreement;

(d) to the Irish Corporate Services Provider, in accordance with and pursuant to the terms of the relevant Irish Corporate Services Agreement;

(e) to the Issuer Account Bank, in accordance with and pursuant to the terms of the Cash Management Agreement;

(f) to the Liquidity Facility Provider, all amounts due in accordance with and pursuant to the terms of the Liquidity Facility Agreement, except for any Subordinated Liquidity Amounts;

(g) to the Swap Providers, in accordance with and pursuant to the terms of the Swap Agreements (other than amounts attributable to swap collateral (and income thereon) and excluding any swap breakage costs to be paid to the Swap Providers pursuant to the terms of the Swap Agreements in accordance with item (iii) above and item (xiv) below);

(h) the advancing of any Swiss Intercompany Loan then required to be advanced to the Swiss SPV in accordance with and pursuant to the terms of the Swiss Intercompany Loan Agreement; and

(i) the then Italian Issuer RC Fee due and payable to the Italian Issuer in accordance with and pursuant to the terms of the terms and conditions of the Italian Notes (the amount payable at such time being equal to the amount in aggregate payable by the Italian Issuer on such date under items (a), (c) and (e) of the Italian Revenue Priority of Payments);

(v) *fifth,* to pay Irish value added tax for which the Issuer is liable under the reverse charge mechanism in respect of services supplied to the Issuer from outside Ireland pursuant to the terms of the Transaction Documents;

(vi) *sixth*, in payment of Revenue Priority Amounts due and payable by the Issuer and in making provision for any Revenue Priority Amounts expected to become due in the immediately forthcoming Interest Period;

(vii) *seventh*, *pro rata* and *pari passu*, in payment of:

(a) interest due or overdue and payable on such Payment Date on the Class A Notes to the Noteholders of the Class A Notes;

(b) interest due or overdue and payable on such Payment Date on the Class X Note to the Noteholder of the Class X Note;

(viii) *eighth*, in payment of the Class B Interest Amount due and payable on such Payment Date on the Class B Notes to the Noteholders of the Class B Notes;

(ix) *ninth*, in payment of the Class C Interest Amount due and payable on such Payment Date on the Class C Notes to the Noteholders of the Class C Notes;

(x) *tenth*, in payment of the Class D Interest Amount due and payable on such Payment Date on the Class D Notes to the Noteholders of the Class D Notes;

(xi) *eleventh*, in payment of the Class E Interest Amount due and payable on such Payment Date on the Class E Notes to the Noteholders of the Class E Notes;

(xii) *twelfth*, in payment of the Class F Interest Amount due and payable on such Payment Date on the Class F Notes to the Noteholders of the Class F Notes;

(xiii) *thirteenth*, in payment of any amounts due and payable by the Issuer on such Payment Date to the Swap Providers, in accordance with and pursuant to the terms of the Swap Agreements in respect of any payments due and payable by the Issuer following an early termination of the Swap Agreements as a result of an event of default (as that term is defined in the relevant Swap Agreement) in respect of which the Swap Provider is the defaulting party (as that term is defined in the relevant Swap Agreement) *provided* that the amount of any premium or other upfront payment paid to and actually received by the Issuer to enter into a swap to replace any of the Swap Transactions less any costs incurred by the Issuer in procuring such

replacement swap shall be applied first in payment of any break costs due to the relevant Swap Provider (the "**Subordinated Swap Amounts**"); and

(xiv) *fourteenth*, in payment of any amounts in respect of Mandatory Costs due to the Liquidity Facility Provider in accordance with and pursuant to the terms of the Liquidity Facility Agreement and any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation, including, without limitation, any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs, to the extent that such Mandatory Costs and other additional amounts exceed 0.2 per cent. of the maximum aggregate amount available to be drawn under the Liquidity Facility (the "**Subordinated Liquidity Amounts**") (where "**Mandatory Costs**" means any costs incurred by the Liquidity Facility Provider in complying with cash and special deposit requirements of the Bank of England and/or banking supervision or other costs imposed by the Financial Services Authority).

Issuer Principal Pre-Enforcement Priority of Payments

The advance of a Firebird Capex Advance on or after the Closing Date by the relevant Originator to the relevant Firebird Borrowers is conditional upon, *inter alia*, the Firebird Capex Conditions being met. An amount equal to the Firebird Capex Advance will be retained by the Issuer in the Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Firebird Capex Advance by LCPI to the applicable Firebird Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Firebird Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Firebird Capex Advance to the Issuer provided that the relevant Capex Test is met.

However, if the relevant Capex Test is not met, then such Firebird Capex Advance will remain with LBF and constitute part of the Firebird Capex B Piece pursuant to the terms of the Firebird Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant Firebird Capex B Piece from LBF using the amounts standing to the credit of the Firebird Capex Reserve Account and thereafter the relevant Firebird Capex B Piece will form part of the Firebird Loan.

If on a Firebird Special Principal Payment Date, there are Firebird Distributable Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Firebird Special Principal Payment Date.

The advance of the Thunderbird Capex Advance on or after the Closing Date by the relevant Originator to the relevant Thunderbird Borrowers is conditional upon, *inter alia*, the Thunderbird Capex Conditions being met. An amount equal to the Thunderbird Capex Advance will be retained by the Issuer in the Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Thunderbird Capex Advance by LCPI to the applicable Thunderbird Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Thunderbird Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Thunderbird Capex Advance to the Issuer provided that the relevant Capex Test is met.

However, if the relevant Capex Test is not met, then such Thunderbird Capex Advance will remain with LBF and constitute part of the Thunderbird Capex B Piece pursuant to the terms of the Thunderbird Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant Thunderbird Capex B Piece from LBF using the amounts standing to the credit of the Thunderbird Capex Reserve Account and thereafter the relevant Thunderbird Capex B Piece will form part of the Thunderbird Loan.

If on a Thunderbird Special Principal Payment Date, there are Thunderbird Distributable Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Thunderbird Special Principal Payment Date.

The advance of amounts on or after the Closing Date by LCPI to the relevant Corvatsch Borrowers pursuant to the terms of the relevant Capex Facility is conditional upon, *inter alia*, the relevant Corvatsch Borrowers requesting drawing(s) from the Capex Facility up to, in aggregate, an amount equal to the Corvatsch Initial Capex Advance Amount.

Upon the same date as the advance of a Corvatsch Secured Capex Advance by LCPI to the applicable Corvatsch Borrower pursuant to the terms of the relevant Capex Facility and, provided that the relevant Capex Test is met, the Issuer will advance an amount equal to the then relevant Corvatsch Unsecured Capex Advance, which will represent an economic interest in the Corvatsch Secured Capex Advance, to the Swiss SPV pursuant to the terms of the Corvatsch Unsecured Loan Agreement. The Swiss SPV will in turn will pay an amount equal to such Corvatsch Secured Capex Advance to LBF pursuant to the terms of the Corvatsch Secured Loan Agreement and LBF will use this amount to purchase the then Corvatsch Secured Capex Advance from LCPI. LBF will thereafter subsequently transfer such Corvatsch Secured Capex Advance to the Swiss SPV in accordance with the terms of the Corvatsch Secured Loan Agreement.

However, if the relevant Capex Test is not met, then LBF will instead, pursuant to the terms of the Corvatsch Intercreditor Agreement, advance such Corvatsch Unsecured Capex Advance to the Swiss SPV, which will represent an economic interest in the Corvatsch Secured Capex Advance, and such Corvatsch Unsecured Capex Advance will constitute part of the then Corvatsch Capex B Piece pursuant to the terms of Corvatsch Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase such Corvatsch Capex B Piece from LBF using the amounts standing to the credit of the Corvatsch Capex Reserve Account and thereafter the relevant Corvatsch Capex B Piece will form part of the Corvatsch Capex A Piece of the Corvatsch Unsecured Loan.

If on a Corvatsch Special Principal Payment Date, there are Corvatsch Distributable Unsecured Capex Advance Amounts, then such amounts will be treated by the Issuer as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Corvatsch Special Principal Payment Date.

The advance of the E-Shelter Capex Advance on or after the Closing Date by the relevant Originator to the E-Shelter Borrower is conditional upon, *inter alia*, the E-Shelter Borrower requesting drawing(s) from the capex facility under the E-Shelter Loan up to, in aggregate, the E-Shelter Initial Capex Advance Amount. An amount equal to the E-Shelter Capex Advance will be retained by the Issuer in the Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of an E-Shelter Capex Advance by Bankhaus London to the applicable E-Shelter Borrower, the Issuer will pay an amount equal to such advance to purchase such E-Shelter Capex Advance from Bankhaus London provided that the relevant Capex Test is met.

However, if the relevant Capex Test is not met, then such E-Shelter Capex Advance will remain with Bankhaus London and constitute part of the E-Shelter Capex B Piece pursuant to the terms of the E-Shelter Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant E-Shelter Capex B Piece from LBF using the amounts standing to the credit of the E-Shelter Capex Reserve Account and thereafter the relevant E-Shelter Capex B Piece will form part of the E-Shelter Loan.

If on an E-Shelter Special Principal Payment Date, there are E-Shelter Distributable Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in

accordance with the applicable Issuer Priority of Payments on the relevant E-Shelter Special Principal Payment Date.

The advance of the Tour Esplanade Capex Advance on or after the Closing Date by the relevant Originator to the Tour Esplanade Borrower is conditional upon, *inter alia*, the Tour Esplanade Borrower requesting drawing(s) from the capex facility under the Tour Esplanade up to, in aggregate, the Tour Esplanade Initial Capex Advance Amount. The Tour Esplanade Capex Advance Amount will be retained by the Issuer in the Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of the Tour Esplanade Capex Advance by the relevant Originator to the Tour Esplanade Borrower, the Issuer will pay the Tour Esplanade Capex Advance Amount to the relevant Originator to acquire the Tour Esplanade Capex Advance. However, if the Tour Esplanade Capex Advance is not advanced by the Tour Esplanade Special Principal Payment Date, then the Tour Esplanade Capex Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Tour Esplanade Special Principal Payment Date.

Available Principal Collections

The Cash Manager on behalf of the Issuer is required, on the basis of information provided to it by, *inter alios*, the General Master Servicer (with the assistance of the any Delegate Master Servicers), to calculate on each Determination Date for the related Payment Date (a) the Available Principal Recovery Proceeds, the Available Amortising Payments and the Release Amounts (each as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)) and (b) the Sequential Percentage Amount and the Pro Rata Percentage Amount (each as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)) of the Available Principal Prepayments and the Available Final Principal Payments (each as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)).

The Available Pro Rata Principal and the Available Sequential Principal (each as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)) constitute "**Available Principal Collections**" for the purposes of the Payment Date immediately following such Determination Date.

The Available Sequential Principal will be applied, to the extent of available funds in the following order of priority (the "**Issuer Sequential Principal Pre-Enforcement Priority of Payments**"), all as more fully set out in the Issuer Deed of Charge:

(i) *first*, in payment of amounts due and payable in respect of principal to the Swap Providers pursuant to the terms of the Swap Agreements (except for any swap breakage costs or any part thereof due and payable to the Swap Providers);

(ii) *second*, *pro rata* and *pari passu*:

(a) to pay to the relevant Special Servicer or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of the Servicing Agreement and any ancillary delegation arrangements) (to the extent not already paid), any:

(i) Liquidation Fee due and payable in respect of any Loan (other than in respect of the Swiss Secured Loans and the Italian Loan); and

(ii) in respect of any Loan (other than in respect of the Swiss Secured Loans and the Italian Loan) which is repaid in full during the immediately preceding

Loan Interest Period, any Workout Fee due and payable in respect of such Loan for such Loan Interest Period,

each in accordance with and pursuant to the terms of the Servicing Agreement; and

(b) to pay to the Swiss SPV, by way of advance pursuant to the Swiss Intercompany Loan Agreement, an amount equal to the amount of Liquidation Fee due and payable in respect of the Swiss Secured Loans and/or in respect of any Swiss Secured Loan which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of the relevant Swiss Secured Loan for such Loan Interest Period, which the Swiss SPV will pay to the General Special Servicer;

(c) to pay to the Italian Issuer, the then Italian Issuer RC Fee due and payable to the Italian Issuer in accordance with and pursuant to the terms of the terms and conditions of the Italian Notes Subscription Agreement (the amount payable at such time being equal to the amount payable by the Italian Issuer on such date under item (i) of the Italian Principal Priority of Payments);

(d) to repay to the Liquidity Facility Provider from principal repayments of any Loan any amount previously drawn and outstanding (plus any accrued interest thereon) on the Liquidity Facility but only to the extent that such an amount remains outstanding after the application of any Available Interest Collections (in accordance with the Issuer Revenue Pre-Enforcement Priority of Payments) on such Payment Date and this repayment would take place prior to any further drawings being made under the Liquidity Facility Agreement;

(iii) *third*, in repaying principal on the Class A Notes until all of the Class A Notes have been redeemed in full;

(iv) *fourth*, in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

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

(vi) *sixth*, in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full.

(vii) *seventh*, in repaying principal on the Class E Notes until all of the Class E Notes have been redeemed in full.

(viii) *eighth*, in repaying principal on the Class F Notes until all of the Class F Notes have been redeemed in full.

Following application of the Available Sequential Principal as set forth immediately above, Available Pro Rata Principal will be applied, to the extent of available funds, from the Transaction Account in the following order of priority (the "**Issuer Pro Rata Principal Pre-Enforcement Priority of Payments**" and together with the Issuer Sequential Principal Pre-Enforcement Priority of Payments, the "**Issuer Principal Pre-Enforcement Priority of Payments**"), all as more fully set out in the Issuer Deed of Charge:

(i) *first*, in payment of amounts due and payable in respect of principal to the Currency Swap Providers pursuant to the terms of the Swap Agreements (except for any swap breakage costs or any part thereof due and payable to the Swap Providers) (to the extent not paid from Available Sequential Principal);

(ii) *second*, *pro rata* and *pari passu* (and to the extend not paid from Available Sequential Principal):

(a) to pay to the relevant Special Servicer or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of the Servicing Agreement and any ancillary delegation arrangements) (to the extent not already paid), any:

(i) Liquidation Fee due and payable in respect of any Loan (other than in respect of the Swiss Secured Loans and the Italian Loan); and

(ii) in respect of any Loan (other than in respect of the Swiss Secured Loans and the Italian Loan) which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of such Loan for such Loan Interest Period,

each in accordance with and pursuant to the terms of the Servicing Agreement; and

(b) to pay to the Swiss SPV, by way of advance pursuant to the Swiss Intercompany Loan Agreement, an amount equal to the amount of Liquidation Fee due and payable in respect of the Swiss Secured Loans and/or in respect of any Swiss Secured Loan which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of the relevant Swiss Secured Loan for such Loan Interest Period, which the Swiss SPV will pay to the General Special Servicer;

(c) to pay to the Italian Issuer, the then Italian Issuer PC Fee due and payable to the Italian Issuer in accordance with and pursuant to the terms and conditions of the Italian Notes and the Italian Notes Subscription Agreement (the amount payable at such time being equal to the amount payable by the Italian Issuer on such date under item (i) of the Italian Principal Priority of Payments);

(d) to repay to the Liquidity Facility Provider from principal repayments of any Loan any amount previously drawn and outstanding (plus any accrued interest thereon) on the Liquidity Facility but only to the extent that such an amount remains outstanding after the application of any Available Interest Collections (in accordance with the Issuer Revenue Pre-Enforcement Priority of Payments) on such Payment Date and this repayment would take place prior to any further drawings being made under the Liquidity Facility Agreement;

(iii) *third*, (save as set out below in relation to the Class F Notes) in repaying, *pro* in repaying, *pro rata* and *pari passu*, principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in the following proportions (each of the proportions calculated using the Principal Amount Outstanding of the relevant class of Notes following the application of Available Sequential Principal on the relevant Payment Date):

(a) if any Class A Notes are then outstanding, the Principal Amount Outstanding of each Class of Notes as at the relevant Payment Date;

(b) if the Class A Notes have been redeemed in full but any Class B Notes are then outstanding, the same proportion as the Principal Amount Outstanding of each of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(c) if the Class A Notes and the Class B Notes have been redeemed in full but any Class C Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as the case may be, as at the relevant Payment Date bears to the aggregate

Principal Amount Outstanding of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(d) if the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full but any Class D Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class D Notes, the Class E Notes or the Class F Notes, as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(e) if the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full but any Class E Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class E Notes or the Class F Notes as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class E Notes and the Class F Notes as at the relevant Payment Date; and

(f) if the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full but any Class F Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class F Notes, the same proportion as the Principal Amount Outstanding of the Class F Notes as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class F Notes,

until each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Class F Note has been redeemed in full (provided that, for so long as the Woolworth Boenen Whole Loan is outstanding and there are other Classes of Regular Notes Outstanding other than just the Class F Notes, the Class F Notes are only entitled to be repaid on the pro rata basis set out above until the Principal Amount Outstanding on the Class F Notes is equal to €6,000,000 and thereafter, until such time as the Woolworth Boenen Whole Loan is repaid, the Class F Notes shall be disregarded in their entirety for the purposes of allocating Available Pro Rata Principal Amounts and no further repayments will be permitted whilst such circumstances exist).

If, in accordance with the above, any principal amount remains allocated to any Class of Notes after such Class of Notes has been redeemed in full, such excess shall be applied in accordance with the Issuer Sequential Principal Pre-Enforcement Priority of Payments.

See "*Terms and Conditions of the Notes*", specifically Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*).

Payments out of the Swap Collateral Cash Account and the Swap Collateral Custody Accounts prior to Enforcement of the Notes

If a Swap Agreement Credit Support Document is entered into and the Swap Collateral Cash Account and/or the Swap Collateral Custody Account opened, the Cash Manager will pay to the relevant Swap Provider amounts equal to such amounts of interest on the credit balance of the Swap Collateral Cash Account and/or amounts equivalent to distributions received on securities held in the Swap Collateral Custody Account as well as any other payments required to be made by the Issuer in accordance with the terms of the relevant Swap Agreement Credit Support Documents in priority to any other payment obligations of the Issuer.

Issuer Post-Enforcement Priority of Payments

The Issuer Security will become enforceable upon the Note Trustee giving a Note Enforcement Notice. Following enforcement of the Issuer Security in accordance with Condition 10 (*Events of Default*), the Note Trustee will be required to apply all funds received or recovered by it (except for any amount equal to: (i) any amounts standing to the credit of the Swap Collateral Cash

Account and the Swap Collateral Custody Account, which are required to be paid by the Issuer to the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement Credit Support Document and the Issuer Deed of Charge; (ii) any amounts standing to the credit of the Stand-by Account (including interest earned on the Stand-by Account), which are required to be paid by the Issuer to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and (iii) any amounts standing to the credit of a Tranching Account, which are required to be applied by the relevant Servicer and paid to a B Piece Lender in accordance with an Intercreditor Agreement) in accordance with the following order of priority (the "**Issuer Post-Enforcement Priority of Payments**" and together with the Issuer Revenue Pre-Enforcement Priority of Payments and the Issuer Principal Pre-Enforcement Priority of Payments, the "**Issuer Priority of Payments**"), in each case, to the extent of available funds:

(i) *first*, to pay, *pro rata* and *pari passu*, any amounts due and payable by the Issuer:

(a) to the Note Trustee and/or any receiver appointed by the Note Trustee, in accordance with and pursuant to the terms of the Transaction Documents;

(b) to the Paying Agents, the Registrar, the Transfer Agent, the Exchange Agent and the Agent Bank, in accordance with and pursuant to the terms of the Agency Agreement;

(c) to the extent not already paid, in respect of any amounts due to the relevant Master Servicer or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of the Servicing Agreement and any ancillary delegation arrangements);

(d) to the extent not already paid, in respect of any amounts (including any Liquidation Fee and any Workout Fee) due to the relevant Special Servicer in respect of any Loan (other than the Swiss Unsecured Loans and the Italian Loan), in accordance with and pursuant to the terms of the Servicing Agreement;

(e) to the Cash Manager, the Issuer's portion of the then Cash Manager's fees, costs and expenses in accordance with and pursuant to the terms of the Cash Management Agreement;

(f) to the Irish Corporate Services Provider, in accordance with and pursuant to the terms of the Irish Corporate Services Agreement;

(g) to the Issuer Account Bank, in accordance with and pursuant to the terms of the Cash Management Agreement;

(h) to the Liquidity Facility Provider, in accordance with and pursuant to the terms of the Liquidity Facility Agreement (except for any Subordinated Liquidity Amounts); and

(i) to the Swap Providers, in accordance with and pursuant to the terms of the Swap Agreements (but excluding any swap breakage costs to be paid to the Swap Providers pursuant to the terms of the Swap Agreements in accordance with item (viii) below) *provided* that the amount of any premium or other upfront payment paid to and actually received by the Issuer to enter into a swap to replace any of the Interest Rate Swap Transactions, the Date Adjustment Swap Transactions or the Currency Swap Transactions less any costs incurred by the Issuer in procuring such replacement swap shall be applied first in payment of any break costs due to the relevant Swap Provider;

(j) to the Italian Issuer, all amounts due with respect to the Italian Issuer Fee and to the Swiss SPV, all amounts due pursuant to the Swiss Intercompany Loan Agreement;

(ii) *second*, in or towards payment of:

(a) on a *pro rata* and *pari passu* basis interest due or overdue on the Class A Notes and interest due or overdue on the Class X Note;

(b) after payments of all such sums in paragraph (a) above, on a *pro rata* and *pari passu* basis all amounts of principal outstanding on the Class A Notes and the Class X Note until all of the Class A Notes and the Class X Note have been redeemed in full;

(iii) *third*, in or towards payment of:

(a) interest due or overdue on the Class B Notes; and

(b) after payments of all such sums in paragraph (a) above, all amounts of principal outstanding on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iv) *fourth*, in or towards payment of:

(a) interest due or overdue on the Class C Notes; and

(b) after payments of all such sums in paragraph (a) above, all amounts of principal outstanding on the Class C Notes until all of the Class C Notes have been redeemed in full;

(v) *fifth*, in or towards payment of:

(a) interest due or overdue on the Class D Notes; and

(b) after payments of all such sums in paragraph (a) above, all amounts of principal outstanding on the Class D Notes until all of the Class D Notes have been redeemed in full;

(vi) *sixth*, in or towards payment of:

(a) interest due or overdue on the Class E Notes; and

(b) after payments of all such sums in paragraph (a) above, all amounts of principal outstanding on the Class E Notes until all of the Class E Notes have been redeemed in full;

(vii) *seventh*, in or towards payment of:

(a) interest due or overdue on the Class F Notes; and

(b) after payments of all such sums in paragraph (a) above, all amounts of principal outstanding on the Class F Notes until all of the Class F Notes have been redeemed in full;

(viii) *eighth,* in payment of any amounts due and payable by the Issuer on such Payment Date to the Swap Providers, in accordance with and pursuant to the terms of the Swap Agreements in respect of any payments due and payable by the Issuer following an early termination of the Swap Agreements as a result of an event of default (as that term is defined in the relevant Swap Agreement) in respect of which the Swap Provider is the defaulting party (as that term is defined in the relevant Swap Agreement) *provided* that the amount of any premium or other upfront payment paid to and actually received by the Issuer to enter into a swap to replace any of the Interest Rate Swap Transactions, the Date Adjustment Swap Transactions or the Currency Swap Transactions less any costs incurred by the Issuer in procuring such

replacement swap shall be applied first in payment of any break costs due to the relevant Swap Provider;

(ix) *ninth,* in payment to the Liquidity Facility Provider of the Subordinated Liquidity Amounts;

(x) *tenth,* in payment of all amounts of Deferred Consideration payable to the Originators (or any other person then otherwise entitled thereto) in accordance with and pursuant to the terms of the Loan Sale Agreement;

(xi) *eleventh*, to pay any amount remaining following the payment in full of the amounts owing under items (i) through to (x) above, to the Issuer.

Italian Issuer Priority of Payments

The payment priorities in respect of the Italian Transaction Account will be set out in the terms and conditions of the Italian Notes. The Cash Manager will be responsible for making any payments of principal on the Italian Notes from amounts credited to the principal ledger to which Italian Available Principal is credited (the "**Italian Principal Ledger**") on the Italian Transaction Account (in accordance with the Italian Principal Priority of Payments) and for making payments of, among other things, interest on the Italian Notes from the revenue ledger to which the Italian Available Issuer Income is credited **(**the "**Italian Revenue Ledger** ") on the Italian Transaction Account (in accordance with the Italian Revenue Priority of Payments).

Payments from amounts credited to the Italian Revenue Ledger - Italian Revenue Priority Amounts

The Cash Manager (on behalf of the Italian Issuer) will, on any Business Day, (including an Payment Date) pay out of the Italian Available Issuer Income (as defined below) standing to the credit of the Italian Transaction Account and credited to the Italian Revenue Ledger, certain expenses due to third parties, other than those that are listed in paragraphs (a), (c), (d), (e), (f) and (g) of the Italian Revenue Priority of Payments below, incurred by the Italian Issuer in the ordinary course of its business, including the Italian Issuer's liability, if any, to taxation (together the "**Italian Revenue Priority Amounts**") provided that on any Payment Date, such payment shall be made in accordance with the Italian Revenue Priority of Payments.

In addition the Italian Issuer (or the Cash Manager on its behalf) is permitted on any date that is not a Payment Date to make any Loan Protection Advance that is required to be made by the Italian Issuer at such time pursuant to the terms of the Servicing Agreement, such payments to be funded by the Italian Issuer on such date pursuant to the amount received as an Italian Issuer RC Fee received on such date from the holder of the Italian Notes.

Italian Revenue Priority of Payments

Prior to the service of an Italian Issuer Acceleration Notice, the Cash Manager (on behalf of the Italian Issuer) will, on each Payment Date, apply Italian Available Issuer Income (as defined below) credited to the Italian Revenue Ledger in the following order of priority (the "**Italian Revenue Priority of Payments**") (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full save that in respect of the application of any amounts received by way of Italian Issuer RC Fees on such date, amounts equal to the then Italian Issuer RC Fee will only be applied in meeting amounts falling due under items (a), (c) and (e) below):

(a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Italian Issuer to the Representative of the Italian Noteholders or any appointee thereof;

(b) in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any and all outstanding taxes due and payable by the Italian Issuer;

(c) in or towards satisfaction *pari passu* according to the respective amounts thereof of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Italian Issuer to the Italian Paying Agent, the Cash Manager under the Cash Management Agreement, the Italian Agency Agreement and the Italian Account Bank under the Italian Account Bank Agreement;

(d) in or towards satisfaction, *pari passu* according to the respective amounts thereof of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable to the Italian Corporate Services Provider;

(e) in or towards satisfaction of any amounts due and payable by the Italian Issuer to the Italian Master Servicer and the Italian Special Servicer or any applicable Delegate Master Servicer or Delegate Special Servicer (as required pursuant to the terms of the Servicing Agreement and any ancillary delegation arrangements) in respect of the Italian Servicing Fee (other than any Liquidation Fee and any Workout Fee), and any other amounts due to the Italian Master Servicer and the Italian Special Servicer pursuant to the Servicing Agreement;

(f) in or towards satisfaction of any amounts due and payable by the Italian Issuer on such Payment Date in respect of Italian Revenue Priority Amounts to third parties (other than those that are listed in paragraphs (a), (b), (c), (d) and (e) of the Italian Revenue Priority of Payments) incurred by the Italian Issuer in the ordinary course of its business or in connection with the Notes and/or the Italian Security and amounts required to be paid in order to preserve the corporate existence of the Italian Issuer, to maintain it in good standing or otherwise, to comply with applicable legislation; and

(g) in or towards payment of interest due and overdue on the Italian Notes.

"**Italian Available Issuer Income**" on any date means:

(a) all amounts other than principal, Prepayment Fees or Extension Fees paid to the Italian Issuer under or in respect of the Italian Loan Agreement in respect of the relevant Collection Period (being in respect of any Payment Date, the immediately preceding Collection Period and in respect of any other date, the Collection Period in which such date falls);

(b) in respect of an Payment Date, any interest accrued upon the Italian Transaction Account and paid into the Italian Transaction Account together with the interest element of the proceeds of any Eligible Investments made by or on behalf of the Italian Issuer out of amounts standing to the credit of the Italian Transaction Account and paid into the Italian Transaction Account in each case received since the immediately preceding Payment Date;

(c) all amounts received in respect of the Italian Issuer RC Fee; and

(d) any amount received by the Italian Issuer in respect of the Transaction Documents (other than any amount qualified thereof as a payment of principal in relation to the Italian Loan or amounts set out in items (a) to (c) above),

in each case standing to the credit of the Italian Transaction Account on such date.

Neither Prepayment Fees nor Extension Fees will be included in the calculation of Italian Available Issuer Income at any time. Prepayment Fees and Extension Fees received during any Collection Period in relation to the Italian Loan will be paid to Bankhaus Milan (or any other person or persons than otherwise entitled thereto) pursuant to the terms of the Master Loan Sale Agreement as a component of Deferred Consideration.

Italian Principal Priority of Payments

Prior to the service of an Italian Issuer Acceleration Notice, the Italian Available Principal as calculated on each Calculation Date will be applied by the Italian Issuer (or the Cash Manager on its behalf) on the Payment Date immediately following such Calculation Date in making payments or,

as applicable, provisions in the following order (the "**Italian Principal Priority of Payments**" and, together with the Italian Revenue Priority of Payments, the "**Italian Pre-Enforcement Priority of Payments**"):

(a) *first*, the amount of any Liquidation Fee then due and payable and, to the extent that the Italian Loan is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee then due and payable in respect of the Italian Loan for such Loan Interest Period, to the Italian Special Servicer in accordance with the provisions of the Servicing Agreement;

(b) *second*:

(i) on each Payment Date up to, but excluding, the Decree 239 Payment Date, to retain all such amounts in the Italian Transaction Account unless otherwise directed by the Italian Noteholders to redeem the Italian Notes; or

(ii) on the Decree 239 Payment Date and on each Payment Date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the principal amount outstanding of the Italian Notes until the Italian Notes are repaid in full,

as the case may be.

"**Italian Available Principal**" means on each Payment Date all amounts outstanding to the credit of the Italian Transaction Account on such date, paid to the Italian Issuer under, or in connection with, the Italian Loan Agreement in respect of the preceding Collection Period and all amounts received by the Italian Issuer under the Transaction Documents (including the Master Loan Sale Agreement), in each case qualified as a payment of principal in relation to the Italian Loan: (i) pursuant to item (a) together with any amount retained on the Italian Transaction Account on the preceding Payment Date pursuant to item (a) of the Italian Principal Priority of Payments: (ii) together with any amount retained in the Italian Transaction Account on the preceding Payment Date after having applied the Italian Available Issuer Income to items (a) to (g) of the Italian Revenue Priority of payments; and (iii) together with then Italian Issuer PC Fee.

Italian Post-Enforcement Priority of Payment

Provided that at any time following delivery of an Italian Issuer Acceleration Notice, or, in the event that the Italian Issuer exercises its rights to redeem the Italian Notes in full under the Terms and Conditions of the Italian Notes, all amounts received or recovered by or on behalf of the Italian Issuer or the Representative of the Italian Noteholders in respect of the Italian Receivables, the Italian Notes Security and any of the other Italian Law Transaction Documents will be applied by or on behalf of the Representative of the Italian Noteholders in the order as set out in the Italian Revenue Priority of Payments ((a) to (g) (save that any Liquidation Fees or Workout Fees payable to the Italian Master Servicer at such time will also be paid as if they were entitled to be paid at item (e) of the Italian Revenue Priority of Payments)) and thereafter all amounts will be applied in a redemption of the Italian Notes (the "**Italian Post-Enforcement Priority of Payments**" and, together with the Italian Pre-Enforcement Priority of Payments the "**Italian Priority of Payments**") in each case, only if and to the extent that payments of a higher priority have been made in full.

The Italian Issuer is entitled, pursuant to the Italian Intercreditor Agreement, to dispose of the Italian Receivables in order to finance the redemption of the Italian Notes following the delivery of an Italian Issuer Acceleration Notice or the early redemption of the Italian Notes at the direction of the Italian Noteholder.

In the event that the Italian Issuer redeems the Italian Notes in whole or in part prior to the date which is 18 months and one day after the Italian Issue Date, the Italian Issuer will be required to pay a tax in Italy equal to 20 per cent. of all interest accrued on such principal amount repaid early up to the time of such early redemption. As such, during the period between the Italian Issue Date and the Payment Date immediately following the falling 18 months plus one day after the Italian Issue Date any amount of principal received in respect of the Italian Loan may only be used to

redeem the Italian Notes at the discretion of the Representative of the Italian Noteholders as directed by the holder of the Italian Notes. The Italian Loan contains a restriction on the Italian Borrower to make voluntary prepayments of the Italian Loan within 18 months and two days of the relevant Utilisation Date. In the event that there is a mandatory prepayment or other payment of principal under any of the Italian Loan, or the Relevant Security is enforced, any amounts received or recovered in respect of principal during the period between the Italian Issue Date and the Payment Date immediately following the falling 18 months plus one day after the Italian Issue Date will, to the extent that the Representative of the Italian Noteholders has not allocated such amounts to redeem the Notes (as instructed by the Issuer as holder of the Italian Notes), be deposited in the Italian Transaction Account until the expiry of such period and invested in Eligible Investments. The interest earned on amounts standing to the credit of the Italian Transaction Account will be applied as interest on the Italian Notes.

The Swiss SPV Accounts

Payments from the Swiss SPV Accounts

The amounts standing to the credit of the Swiss SPV Transaction Account from time to time will comprise the following:

(i) payments of: (a) interest (other than interest received by the Swiss SPV which represents interest accrued on the Related Swiss Secured Loan which is to be repaid to the Seller under the Swiss Loan Sale Agreement), fees (other than Prepayment Fees and Extension Fees); (b) advances received from the Issuer under the Swiss Intercompany Loan (other than any advance made in relation to meeting any Liquidation Fee or Workout Fee owed to the General Special Servicer in respect of any Swiss Secured Loan), (c) any payments made by the Corvatsch B Piece Lender in respect of paying servicing fees on the Swiss Whole Secured Loan (other than in respect of meeting any Liquidation Fee or Workout Fee owed to the General Special Servicer in respect of any Swiss Whole Secured Loan), (d) any Swiss SPV Expenses Permitted Utilisation Amount permitted to be withdrawn from the Swiss SPV Expenses Reserve Account on such Payment Date; (e) swap break costs, expenses, commissions and other sums, in each case made by the Borrower(s) in respect of the Related Swiss Secured Loan or the Related Security (other than payments in respect of principal), including recoveries in respect of such amounts on enforcement and arising upon a repurchase of the Swiss Secured Loan pursuant to the Swiss Loan Sale Agreement (the "**Swiss SPV Interest Collections**");

(ii) payments of: (a) principal made by the Borrower(s) in respect of the Related Swiss Secured Loan and the Related Security, including recoveries of such amounts on enforcement of the Related Swiss Secured Loan and the Related Security and amounts arising upon a repurchase of the Swiss Secured Loan and including recoveries from any insurance policy relating to the Related Swiss Secured Loan (excluding amounts applied in repair and/or reinstatement of any Property or Properties), in each case, to the extent attributable to principal; (b) advances received from the Issuer under the Swiss Intercompany Loan to the extent that such advance is made in relation to meeting any Liquidation Fee or Workout Fee owed to the General Special Servicer in respect of any Swiss Secured Loan; and (c) any payments made by the Corvatsch B Piece Lender in respect of paying servicing fees on the Corvatsch Secured Whole Loan to the extent that such payment is made in relation to meeting any Liquidation Fee or Workout Fee owed to the General Special Servicer in respect of the Corvatsch Secured Whole Loan (the "**Swiss SPV Principal Collections**").

On or shortly after each Loan Payment Date under each loan agreement with respect to each Swiss Secured Loan, the General Master Servicer will instruct the relevant Security Agent to transfer from each relevant Swiss Borrower's accounts to the Swiss Transaction Account an amount in respect of interest, principal and fees and other amounts then due and payable by the relevant Swiss Borrower under each Swiss Secured Loan.

The Cash Manager (on behalf of the Swiss SPV) will apply the amounts credited to the Swiss SPV Transaction Account on each Payment Date and which represent Swiss SPV Interest Collections in the following order of priority ("**Swiss SPV Interest Collections Priority of Payments**"):

(i) *first*, to pay, *pro rata* and *pari passu*, any costs and expenses of the Swiss SPV as permitted under the Swiss Unsecured Loan Agreements, including any amounts then due and payable to:

(a) the General Master Servicer and the General Special Servicer in relation to their servicing of the Swiss Secured Loans in accordance with and pursuant to the terms of the Servicing Agreement (other than any Liquidation Fees and Workout Fees due and payable in respect of the Swiss Secured Loans at such time);

(b) the Cash Manager in relation to the cash management services provided by the Cash Manager to the Swiss SPV in accordance with and pursuant to the terms of the Cash Management Agreement;

(c) the Swiss SPV Account Bank in accordance with and pursuant to the terms of the Cash Management Agreement;

(d) the Swiss Corporate Services Provider in accordance with and pursuant to the terms of the Swiss Corporate Services Agreement; and

(e) any other permitted Swiss SPV Creditors (to the extent not described elsewhere herein);

(ii) *second,* to the extent that the sum of the payments required pursuant to item (i) above is less than the Swiss SPV Expenses Amount (such difference being the then "**Swiss SPV Expenses Reserve Amount**"), an amount equal to such Swiss SPV Expenses Reserve Amount to be transferred to the Swiss SPV Expenses Reserve Account;

(iii) *third*, to pay, *pro rata* and *pari passu*:

(a) amounts due and payable under the Swiss Unsecured Loans (other than in respect of principal and other than in respect of the Corvatsch Unsecured Loan) to the Issuer;

(b) amounts due and payable under the Swiss Intercompany Loan to the Issuer; and

(c) amounts due and payable under the Corvatsch Unsecured Loan (other than in respect of principal) in the following order of priority:

(1) *first*, in amounts due and payable under the A Piece of the Corvatsch Unsecured Loan (other than in respect of principal) to the Issuer in accordance with the terms of the Corvatsch Intercreditor Agreement; and

(2) *second*, in amounts due and payable under the B Piece of the Corvatsch Unsecured Loan (other than in respect of principal) to the B Piece Lender of the Corvatsch Unsecured Loan in accordance with the terms of the Corvatsch Intercreditor Agreement.

Neither Prepayment Fees nor Extension Fees will be included in the calculation of Swiss SPV Interest Collections at any time. Prepayment Fees and Extension Fees received during any Collection Period in relation to any Swiss Secured Loan will be paid to LBF (or any other person or persons than otherwise entitled thereto) pursuant to the terms of the Swiss Loan Sale Agreement as a component of Deferred Consideration.

In addition, the Cash Manager (on behalf of the Swiss SPV) will apply the amounts credited to the Swiss SPV Transaction Account on each Payment Date and which represent Swiss SPV Principal Collections in the following order of priority ("**Swiss SPV Principal Collections Priority of Payments**"):

(i) *first*, to pay to the General Special Servicer, in accordance with the provisions of the Servicing Agreement, any Liquidation Fee then due and payable and, to the extent that a Swiss Secured Loan is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee then due and payable in respect of such Swiss Secured Loan for such Loan Interest Period; and

(ii) *second*, to repay, *pro rata* and *pari passu*:

(a) amounts of principal due and payable under the Swiss Unsecured Loans (other than in respect of the Corvatsch Unsecured Loan) to the Issuer;

(b) amounts of principal due and payable under the Corvatsch Unsecured Loan in the following order of priority:

(1) *first*, amounts of principal due and payable under the A Piece of the Corvatsch Unsecured Loan to the Issuer in accordance with the terms of the Corvatsch Intercreditor Agreement; and

(2) *second*, amounts of principal due and payable under the B Piece of the Corvatsch Unsecured Loan to the B Piece Lender of the Corvatsch Unsecured Loan in accordance with the terms of the Corvatsch Intercreditor Agreement.

DESCRIPTION OF THE NOTES

References below to Notes, the Global Certificates and the Individual Certificates representing such Notes are to each respective class of Notes.

Initial Issue of Notes

The Notes of each class sold in reliance on Regulation S under the Securities Act will be represented on issue by one or more permanent global certificates of such class in fully registered form without interest coupons or principal receipts attached (each a "**Regulation S Global Certificate**") deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Book-Entry Clearance Procedures*". Beneficial interests in a Regulation S Global Certificate may not be held by a U.S. Person (as defined in Regulation S under the Securities Act) at any time. By acquisition of a beneficial interest in a Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Regulation S Global Certificate. See "*Transfer Restrictions*".

The Notes of each class sold in reliance on Rule 144A under the Securities Act will be represented on issue by one or more permanent global certificates of such class, in fully registered form without interest coupons or principal receipts attached (each a "**Rule 144A Global Certificate**"), deposited with LaSalle Bank National Association as custodian for, and registered in the name of Cede & Co. as nominee of, DTC. Beneficial interests in a Rule 144A Global Certificate may only be held through DTC at any time. See "*Book-Entry Clearance Procedures*". Beneficial interests in a Rule 144A Global Certificate may only be held by persons who are QIBs, holding their interests for their own account or for the account of another QIB. By acquisition of a beneficial interest in a Rule 144A Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Certificate. See "*Transfer Restrictions*".

The Regulation S Global Certificates and the Rule 144A Global Certificates are referred to herein as "**Global Certificates**". Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set out therein and in the Trust Deed, and such Global Certificates will bear the applicable legends regarding the restrictions set out under "*Transfer Restrictions*". No beneficial interest in a Regulation S Global Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Certificate unless (i) the transfer is to a person that is a QIB, (ii) such beneficial interest is in a principal amount greater than or equal to €100,000, (iii) such transfer is made in reliance on Rule 144A, and (iv) the transferor provides the Note Trustee with a written certification substantially in the form set out in the Trust Deed. No beneficial interest in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the Note Trustee with a written certification substantially in the form set out in the Trust Deed.

Any beneficial interest in a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate will, upon transfer, cease to have an interest in such Regulation S Global Certificate and will have an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate will, upon transfer, cease to have an interest in a Rule 144A Global Certificate and will have an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any

registration of transfer or exchange of Notes, but the Note Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Individual Certificates. The Notes will be issued in registered form and not in bearer form.

Amendments to Conditions

Each Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Prospectus. The following is a summary of those provisions:

Payments. Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation and, if no further payment is to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Registrar or such other Transfer Agent or Paying Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest or principal is made in respect of a Global Certificate, the Issuer shall procure that the same is noted on the Register and, in the case of payment of principal, that the aggregate principal amount of the Global Certificate is decreased accordingly.

Notices. So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders 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 thereof as required by the Conditions of such Notes provided that, so long as the Notes are listed on the Official List of the Irish Stock Exchange, such notice is also published in *The Financial Times* or, if such newspaper shall cease to be published or timely publication therein is not practicable, in such English language newspaper or newspapers as the Note Trustee may approve having a general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

Prescription. Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of ten years from the appropriate relevant date.

Meetings. The holder of each Global Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount for which the relevant Global Certificate may be exchanged.

Note Trustee's Powers. While the Global Certificates are held on behalf of a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Certificate. For so long as any Notes are represented by a Global Certificate, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or DTC, as appropriate.

Exchange for Individual Certificates

Exchange. Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Individual Exchange Date (as defined below), in whole but not in part, for certificates in Individual Certificate form:

(a) if a Global Certificate is held (directly or indirectly) on behalf of Euroclear and/or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so; or

(b) if the Global Certificate is held on behalf of DTC and DTC notifies the relevant Issuer that it is no longer willing to discharge properly its responsibilities as depositary with respect to the relevant Global Certificate or DTC ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(c) if the Issuer or any Paying Agent or any other person is or will be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature or the Issuer suffers or will suffer any other disadvantage as a result of such change, which withholding or deduction would not be required or other disadvantage would not be suffered (as the case may be) if the Notes were in individual certificate form.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Individual Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "**Exchanged Global Certificate**") becomes exchangeable for Individual Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Individual Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

"**Individual Exchange Date**" means a day falling not less than 30 days after the date on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

Delivery. In such circumstances, the relevant Global Certificate will be exchanged in full for Individual Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Certificates to be executed and delivered to the Registrar or, as applicable, the Transfer Agent for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a purchaser that the transferor reasonably believes to be a QIB. Individual Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Subscription and Sale*" and "*Transfer Restrictions*".

Legends. The holder of an Individual Certificate may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of an Individual Certificate bearing the legend referred to under "*Subscription and Sale*" and "*Transfer Restrictions*", or upon specific request for removal of the legend on an Individual Certificate, the Issuer will deliver only Individual Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

Reports to Noteholders; Available Information

Noteholder Reports. Based solely on information provided by the Issuer, the General Master Servicer, the General Special Servicer and all other relevant parties and delivered to the Cash Manager, the Cash Manager will be required to provide, on each Payment Date, to the General Master Servicer and the Note Trustee, for the benefit of and on behalf of the Noteholders, a Payment Date Statement (as defined in the Master Definitions Agreement). On each Determination Date, the Cash Manager will advise the Note Trustee on behalf of Noteholders of the principal and interest to be paid on the Notes on the following Payment Date.

The General Master Servicer is required to deliver on the Business Day prior to each Determination Date to the Cash Manager and the Note Trustee on behalf of the Noteholders a CMSA Loan Set-up File and a CMSA Loan Periodic Update File with field numbers 1 to 51 completed and field numbers 52 to 101 left blank (each as defined in the Master Definitions Agreement) setting forth information with respect to the Loans and the Properties, respectively, each in the then most current form approved by the Commercial Mortgage Securities Association ("**CMSA**").

In addition, the General Master Servicer is also required to deliver five Business Days after each Payment Date (except for the first Payment Date) to the Cash Manager and the Note Trustee on behalf of the Noteholders a CMSA Loan Periodic Update File, a CMSA Property File, a CMSA Financial File, a CMSA Delinquent Loan Status Report, a CMSA Historical Liquidation Report, a CMSA Historical Loan Modification and Corrected Loan Report, a CMSA Comparative Financial Status Report and a CMSA Servicer Watch List (each as defined in the Master Definitions Agreement) setting forth information with respect to the Loans and the Properties, respectively, each in the then most current form approved by the CMSA.

The Cash Manager is required to make available as described below under "*Information Available Electronically*" a copy of each of the reports detailed above.

The reports identified in the preceding paragraphs will be in the forms prescribed in the then most recent standard CMSA investor reporting package (as it or each such report may have been modified as contemplated above). The Master Servicer is also required to deliver to the Cash Manager, together with the foregoing reports, a copy of all notices sent to the Noteholders in the relevant period.

Noteholders are entitled to receive rent rolls, upon request and at such Noteholder's expense, from the Note Trustee. Upon reasonable prior notice, a Noteholder may also review at the Note Trustee's offices during normal business hours a variety of information and documents that pertain to the Loans and the Property.

Information Available Electronically. The Cash Manager will make available quarterly, for the relevant reporting periods, to the Note Trustee and the Irish Paying Agent, on behalf of the Noteholders, the reports described under "*Noteholder Reports*" above, as well as all notices sent to Noteholders on the Cash Manager's internet website. All the foregoing reports will be accessible to, *inter alios*, any Noteholder by way of a password provided by the Cash Manager free to any Noteholder upon due certification of its status as a Noteholder. The Cash Manager shall be entitled

to rely on such certification by any person that it is a Noteholder without any responsibility or liability and shall not be responsible for verifying the contents of any such certificate provided to it. Further, the Cash Manager shall not be liable or responsible for any unauthorised access to the foregoing reports that is obtained by any person who has obtained the password by any other means or who has falsely or fraudulently certified that it is a Noteholder to the Cash Manager. The Cash Manager's internet website will initially be located at www.eTrustee.net. The Cash Manager's internet website does not form part of this Prospectus. Additionally, the reports will be available for inspection in a hard copy format at the offices of the Irish Paying Agent and the offices of the Issuer.

The Cash Manager will not make any representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any information made available by the Cash Manager for which it is not the original source.

BOOK-ENTRY CLEARANCE PROCEDURES

*The information set out below has been obtained from DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") and the Issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The Issuer accepts responsibility for the accurate reproduction of such information from publicly available information. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of each of the Clearing Systems currently in effect and 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 Lead Manager or any Agent (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect 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, Clearstream, Luxembourg and DTC

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Settlement and Transfer of Notes*" 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 depositary 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 such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

DTC. DTC has advised the Issuer as follows: "DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of Certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly."

Investors may hold their interests in a Rule 144A Global Certificate directly through DTC if they are participants ("**Direct Participants**") in the DTC system, or indirectly through organisations which are participants in such system ("**Indirect Participants**" and together with Indirect Participants, "**Participants**").

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Rule 144A Global Certificates for exchange as described under "*Description of the Notes - Exchange for Individual Certificates*") only at the direction of one or more participants in whose accounts with DTC interests in Rule 144A Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described under "*Description of the Notes - Exchange for Individual Certificates*" above, DTC will surrender the relevant Rule 144A Global Certificates for exchange for Individual Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg. Each Regulation S Global Certificate will have an ISIN and a Common Code and will be registered in the name of ABN AMRO GTS Nominees Limited as nominee for, and deposited with ABN AMRO Bank N.V. (London Branch) as common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

DTC. Each Rule 144A Global Certificate will have a CUSIP number and will be deposited with LaSalle Bank National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Payments and Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate (save in the case of payments other than in U.S. Dollars outside DTC, as referred to below) and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will (save as provided below in respect of the Rule 144A Global Certificates) immediately credit the relevant participants' or 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 Certificate as shown on the records of the relevant clearing system or its nominee. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the bearer or holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Note Trustee 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 Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (each a "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. 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 Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes,

unless and until interests in any Global Certificate held within a Clearing System are exchanged for Individual Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System, and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants 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 Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants 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.

The laws of some states in the United States require that certain persons take physical delivery of securities in individual certificated form. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants. Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds and Euro denominated bonds.

Trading between DTC Participants. Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement ("**SDFS**") system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC Participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser. When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in a Rule 144A Global Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in a Regulation S Global Certificate (subject to the certification procedures provided in the Trust Deed), the DTC Participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co, and evidenced by the Rule 144A Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser. When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in the Rule 144A Global Certificate (subject to the certification procedures provided in the Trust Deed), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream,

Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Certificate who will in turn deliver evidence of such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Certificate and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Certificate.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Pre-issue Trades Settlement. It is expected that delivery of Notes will be made against payment therefore on the Closing Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own adviser.

Currency of Payments in respect of the Rule 144A Notes

Subject to the following paragraph, while interests in the Rule 144A Notes are held by a nominee for DTC, all payments in respect of such Rule 144A Notes will be made in U.S. Dollars. As determined by the Exchange Agent under the terms of the Agency Agreement, the amount of U.S. Dollars payable in respect of any particular payment under the Rule 144A Notes will be equal to the amount of Euro otherwise payable exchanged into U.S. Dollars at the Euro/U.S. Dollar rate of exchange prevailing as at 11:00 a.m. (New York City time) on the day which is two New York Business Days prior to the relevant payment date, less any costs incurred by the Exchange Agent for such conversion (to be shared *pro rata* among the holders of the Rule 144A Notes accepting U.S. Dollar payments in proportion to their respective holdings), all as set out in more detail in the Agency Agreement.

Notwithstanding the above, the holder of an interest through DTC in a Rule 144A Note may make application to DTC to have a payment or payments under such Rule 144A Notes made in Euro by notifying the DTC participant through which its book-entry interest in the Rule 144A Global Certificate is held on or prior to the record date of (a) such investor's election to receive payment in Euro, as applicable, and (b) wire transfer instructions to an account entitled to receive the relevant payment. Such DTC participant must notify DTC of such election and wire transfer instructions on or prior to the third New York Business Day after the record date for any payment of interest and on or prior to the twelfth New York Business Day prior to the payment of principal. If complete instructions are received by the DTC participant and forwarded by the DTC participant to DTC and by DTC to the Registrar on or prior to such date, such investor will receive payments in Euro, otherwise only U.S. Dollar payments will be made by the Registrar. All costs of such payment by

wire transfer will be borne by holders of book-entry interests receiving such payments by deduction from such payments.

In the above paragraphs, "**New York Business Day**" means any day on which commercial and foreign exchange markets settle payments in New York City.

TERMS AND CONDITIONS OF THE NOTES

Class	Initial Principal Amount	Expected Final Payment Date
Class A	€1,180,000,000	Oct-16
Class X	€50,000	N/A
Class B	€56,000,000	Oct-16
Class C	€64,000,000	Oct-16
Class D	€112,900,000	Oct-16
Class E	€70,000,000	Oct-16
Class F	€14,506,000	Oct-16

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed.

The €1,180,000,000 Class A Commercial Mortgage-Backed Notes due 2019 (the "**Class A Notes**"), the €50,000 Class X Commercial Mortgage-Backed Note (the "**Class X Note**"), the €56,000,000 Class B Commercial Mortgage-Backed Notes due 2019 (the "**Class B Notes**"), the €64,000,000 Class C Commercial Mortgage-Backed Notes due 2019 (the "**Class C Notes**"), the €112,900,000 Class D Commercial Mortgage-Backed Notes due 2019 (the "**Class D Notes**") the €70,000,000 Class E Commercial Mortgage-Backed Notes due 2019 (the "**Class E Notes**") and the €14,506,000 Class F Commercial Mortgage-Backed Notes due 2019 (the "**Class F Notes**" and together with the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Notes**", and all of the Notes (excluding the Class X Note) being, together, the "**Regular Notes**") will be issued by Windermere X CMBS Limited (the "**Issuer**") on or about 12 April 2007 (the "**Closing Date**"). The Notes will be issued subject to the provisions of, and have the benefit of, a trust deed dated on or about the Closing Date (the "**Trust Deed**", which expression includes such trust deed as it may be modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified), and made between the Issuer and ABN AMRO Trustees Limited (the "**Note Trustee**", which expression includes its successors or any further or other trustee under the Trust Deed) as trustee for the holders of the Notes.

The holders of the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes the Class D Notes, the Class E Notes and the Class F Notes (each, a "**Noteholder**" and, collectively, the "**Noteholders**") are referred to, from time to time, in these terms and conditions as the "**Class A Noteholders**", the "**Class X Noteholder**", the "**Class B Noteholders**", the "**Class C Noteholders**,", the "**Class D Noteholders**", the "**Class E Noteholders**" and the "**Class F Noteholders**", respectively.

Any reference to a "**Class**" of Notes or Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes or any or all of their respective holders, as the case may be.

The security for the Notes is created pursuant to, and on terms set out in, a deed of charge dated on or about the Closing Date (the "**Issuer Deed of Charge**", which expression includes such Issuer Deed of Charge as it may be modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, *inter alios*, the Issuer and the Note Trustee; a French law governed pledge agreement dated on or about the Closing Date (the "**French Loan Issuer Pledge**") and an Italian law governed pledge agreement dated on or about the Italian Issue Date (the "**Italian Notes Issuer Pledge** "), which expression includes such security agreement as from time to time modified

in accordance with the conditions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified.

By an agency agreement dated on or about the Closing Date (the "**Agency Agreement**", which expression includes such agency agreement as it may be modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, *inter alios*, the Issuer, the Note Trustee, NCB Stockbrokers Limited as a paying agent (the "**Irish Paying Agent**" which expression shall include any other paying agent appointed in Ireland in respect of the Notes), ABN AMRO Bank N.V. (London Branch) as registrar (the "**Registrar**"), and ABN AMRO Bank N.V. (London Branch) in its separate capacities under the same agreement as principal paying agent (the "**Principal Paying Agent**", which expression shall include any other principal paying agent appointed in respect of the Notes and together with the Irish Paying Agent and any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**"), as exchange agent (the "**Exchange Agent**", which expression shall include any other exchange agent appointed in respect of the Notes) and as agent bank the "**Agent Bank**", which expression shall include any other agent bank appointed in respect of the Notes) and as a transfer agent (the "**London Transfer Agent**") or "**Transfer Agent**", which expression shall include any other transfer agents appointed in London in respect of the Notes and, together with the Agent Bank, the Exchange Agent, the Paying Agents and the Registrar, the "**Agents**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The provisions of these terms and conditions (the "**Conditions**" and any reference to a "**Condition**" shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement and the Issuer Deed of Charge. Copies of the Trust Deed, the master definitions agreement dated on or about the Closing Date made between, *inter alios*, the Issuer and the Note Trustee (the "**Master Definitions Agreement**", which expression includes such master definitions agreement as it may be modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified), the Agency Agreement and the Issuer Deed of Charge, will be available for inspection by the Noteholders upon request during normal business hours at the principal office for the time being of the Note Trustee, which is currently 82 Bishopsgate, London EC2N 4BN, United Kingdom and at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of and definitions contained in the Trust Deed, the Agency Agreement, the Issuer Deed of Charge and any other Transaction Document (as defined in the Master Definitions Agreement). Unless otherwise defined herein, terms used in these Conditions shall have the meaning given to them in the Master Definitions Agreement.

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 4 April 2007.

1. Global Certificates

(a) *Rule 144A Global Certificates*

The Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes initially offered and sold in the United States of America to "**qualified institutional buyers**" within the meaning of Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") in reliance on Rule 144A will initially be represented by one or more permanent global certificates of such class, in fully registered form without interest coupons or principal receipts attached (each a "**Rule 144A Global Certificate**"). The Rule 144A Global Certificates will be deposited with LaSalle Bank National Association as custodian for, and registered in the name of Cede & Co. as nominee of The Depository Trust Corporation ("**DTC**").

(b) *Regulation S Global Certificates*

The Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes initially offered and sold outside the United States of America to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be represented on issue by one or more permanent global certificates of such class in fully registered form without interest coupons or principal receipts attached (each a "**Regulation S Global Certificate**") registered in the name of ABN AMRO GTS Nominees Limited as nominee for, and deposited with ABN AMRO Bank N.V. (London Branch) as common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**", which term shall include any successor operator of the Euroclear System) and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

The Rule 144A Global Certificates and the Regulation S Global Certificates are referred to together as the "**Global Certificates**".

(c) *Form and Title*

Each Global Certificate will be issued in registered form without interest coupons or principal receipts attached.

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. The registered holder of any Notes will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and, regardless of any notice of ownership, trust or any interest in it, any writing on any Global Certificate or Individual Certificate, or its theft or loss) and no person will be liable for so treating the holder.

2. **Individual Certificates**

(a) *Issue of Individual Certificates*

A Global Certificate will only be exchanged for individual note certificates of the related Class in registered form ("**Individual Certificates**") in an aggregate principal amount equal to the Principal Amount Outstanding (as defined in Condition 6(f) (*Note Principal Payments, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor*)) of the relevant Global Certificates only, if any of the following circumstances apply:

(i) if a Global Certificate is held (directly or indirectly) on behalf of Euroclear and/or Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so; or

(ii) if the Global Certificate is held on behalf of DTC and DTC notifies the Issuer that it is no longer willing to discharge properly its responsibilities as depositary with respect to the relevant Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(iii) if the Issuer or any Paying Agent or any other person is or will be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature or the Issuer suffers or will suffer any other disadvantage as a result of such change, which withholding or deduction would not be required or other disadvantage would not be suffered (as the case may be) if the Notes were in individual certificate form.

If Individual Certificates are issued:

(i) the book-entry interests represented by the Regulation S Certificate of each Class shall be exchanged by the Issuer for Individual Certificates ("**Regulation S Individual Certificates**") of that Class; and

(ii) the book-entry interests represented by each Rule 144A Global Certificate of each Class shall be exchanged by the Issuer for Individual Certificates ("**Rule 144A Individual Certificates**") of that Class.

The aggregate principal amount of the Regulation S Individual Certificates and the Rule 144A Individual Certificates of each Class will be equal to the aggregate Principal Amount Outstanding of the Regulation S Global Certificates or Rule 144A Global Certificates, as the case may be, for the corresponding Class, subject to and in accordance with the Conditions, the Agency Agreement, the Trust Deed and the related Global Certificate.

(b) *Title to and Transfer of Individual Certificates*

Title to an Individual Certificate will pass upon registration in the register maintained by the Registrar. An Individual Certificate will, in the case of the Regular Notes, have an original principal amount of €100,000 and any integral multiple of €1,000 in excess thereof, and in the case of the Class X Note, €50,000 and will be serially numbered. Individual Certificates may be transferred in whole or in part (*provided* that any partial transfer relates to an Individual Certificate, in the case of the Regular Notes, in the original principal amount of €100,000 and any integral multiple of €1,000 in excess thereof, and in the case of the Class X Note, an original principal amount of €50,000 upon surrender of the related Individual Certificate, at the specified office of the Registrar or the Transfer Agent. In the case of a transfer of part only of an Individual Certificate, a new Individual Certificate in respect of the balance not transferred will be issued to the transferor. All transfers of Individual Certificates are subject to any restrictions on transfer set forth in such Individual Certificates and the detailed regulations concerning transfers set out in the Agency Agreement.

Each new Individual Certificate to be issued upon the transfer of an Individual Certificate will, within five Business Days (as defined in Condition 5(b) (*Payment Dates and Interest Periods*)) of receipt of such Individual Certificate (duly endorsed for transfer) at the specified office of the Registrar or Transfer Agent, be available for delivery at the specified office of the Registrar or of the Transfer Agent, as the case may be, or be posted at the risk of the holder entitled to such new Individual Certificate to such address as may be specified in the form of transfer.

Registration of an Individual Certificate on transfer will be effected without charge by or on behalf of the Issuer, the Transfer Agent or the Registrar, but upon payment of (or the giving of such indemnity as the Transfer Agent or the Registrar may require in respect of) any tax or other government charges which may be imposed in relation to it.

No transfer of an Individual Certificate will be registered (i) during 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 (and including) any Record Date.

For the purpose of these Conditions*:*

(i) the "**holder**" or "**Noteholder**" of a Note means (a) in respect of each Global Certificate, the registered holder thereof, and (b) in respect of any Individual Certificate issued under Condition 2(a) (*Issue of Individual Certificates*) above, the person in whose name such Individual Certificate is registered, subject as provided in Condition 7(b) (*Individual Certificates*) and related expressions shall be construed accordingly; and

(ii) references herein to "**Notes**" shall include the Global Certificates and the Individual Certificates.

3. **Status, Security and Priority**

(a) *Status and relationship between the Notes*

(i) The Notes constitute direct, secured and unconditional obligations of the Issuer, are not obligations of, or guaranteed by, any other parties to the Transaction Documents and are secured by the same security. The Notes of each Class rank *pari passu* without preference or priority among themselves.

(ii) As between the Classes of the Notes, in the event of the Issuer Security (as defined in the Master Definitions Agreement) being enforced, repayment of interest and principal on:

(A) the Class A Notes and the Class X Note will rank *pari passu*;

(B) the Class A Notes and the Class X Note will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes;

(C) the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes;

(D) the Class C Notes will rank in priority to the Class D Notes, the Class E Notes and the Class F Notes;

(E) the Class D Notes will rank in priority to the Class E Notes and the Class F Notes; and

(F) the Class E Notes will rank in priority to the Class F Notes.

Save as provided in Condition 6 (*Redemption and Cancellation*), prior to enforcement of the Issuer Security:

(A) payments of principal of and interest on the Class F Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

(B) payments of principal of and interest on the Class E Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class X Note, the Class B Notes, the Class C Notes and the Class D Notes;

(C) payments of principal of and interest on the Class D Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class X Note, the Class B Notes and the Class C Notes;

(D) payments of principal of and interest on the Class C Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class X Note and the Class B Notes; and

(E) payments of principal of and interest on the Class B Notes will be subordinated to payments of principal of and interest on the Class A Notes and the Class X Note.

(iii) The Trust Deed contains provisions requiring the Note Trustee generally to have regard to the interests of the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes equally as regards all powers, duties and discretions of the Note Trustee (except where

expressly provided otherwise), but requiring the Note Trustee in any particular case to have regard only to the interests of:

(A) (for so long as there are Class A Notes outstanding) the Class A Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class A Noteholders on the one hand and the interests of any other class of Noteholder on the other hand;

(B) (for so long as there are Class B Notes but no Class A Notes outstanding) the Class B Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class B Noteholders on the one hand and the interests of any other class of Noteholders on the other hand;

(C) (for so long as there are Class C Notes but no Class A Notes or Class B Notes outstanding) the Class C Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class C Noteholders on the one hand and the interests of any other class of Noteholders on the other hand;

(D) (for so long as there are Class D Notes but no Class A Notes, Class B Notes or Class C Notes outstanding) the Class D Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class D Noteholders on the one hand and the interests of any other class of Noteholders on the other hand;

(E) (for so long as there are Class E Notes but no Class A Notes, Class B Notes, Class C Notes or Class D Notes outstanding) the Class E Noteholders if, in the Note Trustee's sole opinion, there is a conflict between the interests of the Class E Noteholders on the one hand and the Class F Noteholders on the other hand;

(F) (for so long as there are Class F Notes but no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes outstanding) the Class F Noteholders.

As more particularly described in the Trust Deed, the Trustee is only required to have regard to the interests of the Class X Noteholder (i) when the Class X Note is the only Note outstanding and (ii) to the extent described in Condition 12 (1). For so long as there are any Notes outstanding, the Note Trustee will not be required to have regard to the interests of any other person entitled to the benefit of the Issuer Security.

(b) *Security and Priority of Payments*

The security interests granted in respect of the Notes are set out in the Issuer Security Documents. The Issuer Deed of Charge also contains provisions regulating the priority of application of Available Interest Collections (as defined in the Master Definitions Agreement) and Available Principal Collections (as defined in Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*)) among the persons entitled thereto prior to the service of a Note Enforcement Notice (as defined in Condition 10(a) (*Eligible Noteholders*)), and the priority of application among the persons entitled thereto of the Available Interest Collections, Available Principal Collections and the proceeds of enforcement or realisation of the Issuer Security by the Note Trustee after service of a Note Enforcement Notice.

(c) *Special Servicer*

The holders of the Most Junior Class of Regular Notes outstanding with an aggregate Adjusted Notional Amount Outstanding of greater than 25 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) will at such time be the "**Controlling Class** ". Upon any reduction of the aggregate Adjusted Notional Amount Outstanding

of such Class of Regular Notes to less than or equal to 25 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date), the holders of the next Most Junior Class of Regular Notes then outstanding with an aggregate Adjusted Notional Amount Outstanding of such Class of Regular Notes of greater than 25 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) will, at such time, become the Controlling Class Representative. If, at any time, no Class of Regular Notes has an aggregate Principal Amount Outstanding of such Class of Regular Notes greater than or equal to 25 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date), the holders of the Most Junior Class of Regular Notes then outstanding with an aggregate Principal Amount Outstanding of greater than 10 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date) will at such time become the Controlling Class. Upon any reduction of the aggregate Principal Amount Outstanding of such Class of Regular Notes to less than or equal to 10 per cent. of the Principal Amount Outstanding of such Class of Notes (as at the Closing Date), the holders of the next most junior Class of Regular Notes then outstanding with an aggregate Principal Amount Outstanding of greater than 10 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) will at such time become the Controlling Class. If, at any time, there is not a Class of Regular Notes with an aggregate Principal Amount Outstanding of such class of Regular Notes of greater than or equal to 10 per cent. of the Principal Amount Outstanding of such Class of Regular Notes (as at the Closing Date) then the Most Junior Class of Regular Notes then outstanding will become the Controlling Class.

The Noteholders of the Class of Regular Notes constituting the then Controlling Class will, at their discretion, be entitled: (a) upon the occurrence of a Special Servicer Transfer Event, and by way of an Extraordinary Resolution passed by the holders of such Class of Regular Notes in accordance with Condition 12 (*Meetings of Noteholders, Modification and Waiver*), to appoint a third party (the "**Controlling Class Representative** ") to represent their interests in the servicing of any Mortgage Loan the subject of a Special Servicer Transfer Event; and (b) by way of an Extraordinary Resolution passed by the holders of such Class of Regular Notes in accordance with Condition 12 (*Meetings of Noteholders, Modification and Waiver*), to terminate the appointment of the Controlling Class Representative and to appoint a successor Controlling Class Representative. The Class X Noteholder may not become the Controlling Class.

Upon the appointment of a Controlling Class Representative by the Controlling Class, the Issuer, the General Master Servicer, the then General Special Servicer, each Security Agent and the Note Trustee, the French Master Servicer, the French Special Servicer, the Italian Master Servicer and the Italian Special Servicer (or, if appointed, any Delegate Servicer and Delegate Special Servicer), will be required, pursuant to the terms of each Servicing Agreement, to use all reasonable endeavours to enable the Controlling Class Representative to accede to the relevant Servicing Agreement and thereby be bound by and have the benefit of the terms of the relevant Servicing Agreement. In the case of the Italian Loan, the Controlling Class will be permitted to instruct the Issuer (who will be contractually required to instruct the Representative of the Italian Noteholders) to act in accordance with the instructions of the Controlling Class Representative. Upon any change in the identity of the Controlling Class Representative, the rights and obligations of the then Controlling Class Representative under the relevant Servicing Agreement will be terminated and, pursuant to the terms of the relevant Servicing Agreement, the Issuer, the Master Servicer, each Security Agent, the Note Trustee and the then Special Servicer will be required to use all reasonable endeavours to enable the successor Controlling Class Representative to accede to the terms of the relevant Servicing Agreement.

Each of the following events is hereby classified as a "**Servicing Transfer Event**":

(i) any scheduled repayment of a Loan or a B Piece (other than any final payment due and payable on such Loan or B Piece) is more than 60 days delinquent;

(ii) there is a payment default on the Loan Maturity Date (as defined in the Master Definitions Agreement) of a Loan or a B Piece;

(iii) any Borrower experiences certain insolvency events;

(iv) the Master Servicer has received notice of the foreclosure or proposed foreclosure of any other lien on the related Property;

(v) there is, to the knowledge of the Master Servicer, a material default on a Loan or a Specific B Piece or a material default is imminent on a Loan or a Specific B Piece which in the opinion of the Master Servicer is not likely to be cured by the Borrower within 60 days after such default; or

(vi) any other default occurs that, in the reasonable judgment of the Master Servicer (acting in good faith), materially impairs, or could materially impair, the use or marketability of any related Property or the value thereof as security for such Loan or Specific B Piece.

The Special Servicer will be required to seek the advice of the Controlling Class Representative in relation to certain matters affecting any Loan in relation to which any of the events listed (i) to (vi) above has occurred.

In no circumstances shall the Note Trustee be obliged to assume the obligations of the Master Servicers or the Special Servicers, as applicable.

4. **Covenants**

Except with the prior written consent of the Note Trustee or unless otherwise provided in the Transaction Documents (as defined in the Master Definitions Agreement), the Issuer will covenant that, so long as any Note remains outstanding it will not:

(a) *Negative Pledge*

create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security assignment, charge, sub-charge, pledge, lien (other than the Issuer Security Documents unless arising by operation of law), hypothecation, assignation or other security interest whatsoever and howsoever described over any of its assets, present or future (including any uncalled capital);

(b) *Restrictions on Activities*

(i) engage in any activity which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in and, in particular, will not carry on any activities other than activities ancillary to its Irish business of the holding, managing, or both the holding and management of "qualifying assets" within the meaning of Section 110 of the Irish Taxes Consolidation Act, 1997, as amended;

(ii) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment;

(iii) amend, supplement or otherwise modify its memorandum or articles of association or other constitutive documents; or

(iv) make an election pursuant to sub-section 6(b) of section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended, if its cashflows would be affected adversely thereby.

(c) *Disposal of Assets*

transfer, sell, lend or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;

(d) *Dividends or Distributions*

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Issuer Deed of Charge;

(e) *Borrowings*

incur or permit to exist any indebtedness in respect of borrowed money, except in respect of the Notes, the Interest Rate Swap Transactions, the Date Adjustment Swap Transactions, the Currency Swap Transactions and the Liquidity Facility Agreement (each as defined in the Master Definitions Agreement) or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) *Variation*

permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, the Conditions, the Issuer Deed of Charge or any of the other Transaction Documents, or permit any party to any of the Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security save as permitted under the Transaction Documents;

(h) *Bank Accounts*

have an interest in any bank account other than the Issuer Accounts and the Issuer Domestic Account (each as defined in the Master Definitions Agreement), unless such account or interest therein is charged to the Note Trustee on terms acceptable to it;

(i) *Assets*

own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time; and

(j) *VAT*

apply to become part of any group with any other company or group of companies for the purposes of section 43 of the Value Added Tax Act 1994 of the United Kingdom or Section 8(8) of the Value Added Tax Act 1972 of Ireland, as amended, or any such act, regulation, order, statutory instrument or directive which may from time to time replace, amend or repeal the Value Added Tax Act 1994 of the United Kingdom or Section 8(8) of the Value Added Tax Act 1972 of Ireland, as amended.

(k) *Residence*

take any action (save to the extent necessary for the Issuer to comply with its obligations under the Transaction Documents) which will cause its "centre of main interests" (within the meaning of European Council Regulation No. 1346/2000 on Insolvency Proceedings (the "**Insolvency Regulations**") to be located in any jurisdiction other than Ireland and will not establish any offices, branches or other permanent establishments (as defined in the Insolvency Regulations) or register as a company in any jurisdiction other than Ireland.

In giving any consent to the foregoing, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient, in its absolute discretion, in the interests of the Noteholders, *provided* that each Rating Agency (as defined in the Master Definitions Agreement) has provided written confirmation to the Note Trustee that the then current ratings of each Class of Notes rated thereby will not be qualified, downgraded or withdrawn as a result of such modifications or additions (save that, in the case of Moody's, no such written confirmation will be required, however, such modifications or additions will be notified to Moody's by the Issuer).

5. **Interest**

(a) *Period of Accrual*

Each Class A Note and Class X Note will bear interest on its Principal Amount Outstanding. Each Class B Note, Class C Note, Class D Note, Class E Note and Class F Note will bear interest on its Adjusted Notional Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, such part of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the related amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well as after as before any judgement) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the related amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder (either in accordance with Condition 15 (*Notice to Noteholders*) or individually) thereof that, upon presentation thereof being duly made, such payment will be made, *provided* that upon presentation thereof being duly made, payment is in fact made.

(b) *Payment Dates and Interest Periods*

Interest on the Notes is payable quarterly in arrear on the fifth Business Day after each Reference Date (each a "**Payment Date**"). "**Reference Date**" means the 15th day of January, April, July and October in each year, provided that, if any such date would otherwise fall on a date which is not a Business Day, the Restructuring Date will be postponed to the next Business Day (unless such Business Day falls in the following month, in which case, the Restructuring Date shall be the immediately preceding Business Day). The first Payment Date in respect of each Class of Notes will be the Payment Date falling on 23 July 2007. The first Payment Date in respect of the Italian Notes will be the first Payment Date after the Italian Issue Date.

In these Conditions:

"**Interest Period**" means in respect of the first Interest Period, the period commencing on (and including) the Closing Date and ending on (but excluding) the Payment Date falling in July 2007, and, in respect of any successive Interest Period, the period from (and including) the next (or first) Payment Date to (but excluding) the next following Payment Date.

"**Business Day**" means a day on which banks are open for business in London, Dublin and New York and which is a TARGET Business Day.

"**Loan Payment Date**" means:

(a) for all the Loans except the Italian Loan, the 15th day of January, April, July and October in each year;

(b) for the Italian Loan, the 6th day of February, May, August and November in each year,

or, if any such day is a non-Loan Business Day, the immediately preceding Loan Business Day (other than in relation to the E-Shelter Whole Loan, the Corvatsch Secured Whole Loan, the Falcon

Crest Whole Loan, the Corviglia Secured Loan and the Lightning Dutch Loan if any such day is a non-Loan Business Day, the immediately following Loan Business Day).

"**Loan Business Day**" means:

(a) in respect of the German Loans (other than the Thunderbird Loan and the Firebird Loan), a day (other than a Saturday or Sunday) on which banks are open for general business in London, Frankfurt am Main, Berlin and Luxembourg and which is a TARGET Business Day (as applicable);

(b) in respect of the Thunderbird and Firebird Loans, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Frankfurt am Main;

(c) in respect of the Dutch Loans , a day (other than a Saturday or Sunday) on which banks are open for general business in London and Amsterdam and which is a TARGET Business Day;

(d) in respect of the Swiss Secured Loans, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Zurich;

(e) in respect of the Italian Loan, a day (other than a Saturday or Sunday) on which banks are open for general business in London, Milan and Luxembourg and which is a TARGET Business Day; and

(f) in respect of the French Loan, a day (other than a Saturday or Sunday) in which banks are generally open for business in London and Paris and which is a TARGET Business Day.

"**Interest Rate Determination Date**" shall mean in respect of the first Interest Period, two Business Days before the Closing Date and, in respect of all subsequent Interest Periods, the day which is two TARGET Business Days before the first day of each such Interest Period.

"**TARGET Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlements Express System settles payments in euro.

(c) *Note Rates of Interest and Calculation of Interest Amounts for Notes*

Each Class of Notes will accrue interest during each Interest Period at the rate of (A) in the case of the Regular Notes, EURIBOR (as defined below) plus the Relevant Margin (as defined below) for that class and (B) in the case of the Class X Note, at the Class X Interest Rate.

The rate of interest payable from time to time in respect of each Class of Notes (with respect to the Class A Notes, the "**Class A Note Rate of Interest**"; with respect to the Class X Note, the Class X Interest Rate (as defined below); with respect to the Class B Notes, the "**Class B Note Rate of Interest**"; with respect to the Class C Notes, the "**Class C Note Rate of Interest**"; with respect to the Class D Notes the "**Class D Note Rate of Interest**"" with respect to the Class E Notes the "**Class E Note Rate of Interest**""; with respect to the Class F Notes the "**Class F Note Rate of Interest**""; and with respect to each such Class, its "**Note Rate of Interest**") will be determined by the Agent Bank, or, in the case of the Class X Note, the Cash Manager, as soon as practicable after 11:00 a.m. (Brussels time) on (i) in the case of the Regular Notes each Interest Rate Determination Date and (ii) in the case of the Class X Note, on each Determination Date.

The Note Rate of Interest for each Class of Regular Notes payable from time to time in respect of each Class of Regular Notes for the Interest Period next following an Interest Rate Determination Date will be determined by the Agent Bank on the following basis:

(i) the Agent Bank will determine the Eurozone Interbank Offered Rate for three month Euro deposits ("**EURIBOR**") (or, in the case of the first Interest Period, the

linear interpolation of three and four month Euro deposits) by reference to the Reuters screen designated EURIBOR01 (or such other screen as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates)(the "**Screen Rate**");

(ii) if such rate does not appear on that page, the Agent Bank will request the principal Eurozone office of each of the Reference Banks to provide a quotation of the rate at which deposits in Euro are offered by it in the Eurozone interbank market at approximately 11:00 a.m. (Brussels time) on the Interest Rate Determination Date to prime banks in the Eurozone interbank market for a period equal to the relevant Interest Period (or, in the case of the first Interest Period, the linear interpolation of two and three month Euro deposits) and in an amount that is representative for a single transaction in that market at that time;

(iii) if at least two such quotations are provided, the rate for the relevant Interest Period will be the arithmetic mean (rounded if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two additional banks (or where only one of the banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the Note Trustee suitable for such purpose),

and the Note Rate of Interest for such Interest Period shall be the sum of Relevant Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided that* if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Note Rate of Interest applicable to the Regular Notes during such Interest Period will be the sum of the Relevant Margin and the rate or (as the case may be) arithmetic mean last determined in relation to the Regular Notes in respect of a preceding Interest Period.

For the purposes of these Conditions, "**Eurozone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

For the purposes of these Conditions, the "**Relevant Margin**" shall be:

(A) in the case of the Class A Notes, 0.16 per cent. per annum;

(B) in the case of the Class B Notes, 0.18 per cent. per annum;

(C) in the case of the Class C Notes, 0.24 per cent. per annum;

(D) in the case of the Class D Notes, 0.39 per cent. per annum;

(E) in the case of the Class E Notes, 0.72 per cent. per annum; and

(F) in the case of the Class F Notes, 3.00 per cent. per annum.

Interest on the Class F Notes for any Payment Date will be limited, in accordance with Condition 5(i), to an amount (the "**Adjusted Class F Interest Amount**") equal to the lesser of (a) the Class F Interest Amount (as defined below) and (b) the Available Interest Collections for that Payment Date minus the sum of all amounts payable out of Available Interest Collections on such Payment Date in priority to the payment of interest on such class of Notes. The difference between the Regular Note Interest Amount applicable to the Class F Notes and the Adjusted Class F Interest

Amount will be extinguished on such Payment Date in accordance with Condition 5(i) and the affected Noteholders will have no claim against the Issuer in respect thereof.

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

"**Class X Interest Amount**" means, with respect to any Interest Period, the greater of (a) zero and (b) the amount (if any) by which the Expected Available Interest Collections for such Interest Period exceeds the amounts due and payable by the Issuer in accordance with items (i) to (xiv) inclusive (excluding item (vii)(b)) of the Issuer Revenue Pre-Enforcement Priority of Payments for such Interest Period.

"**Expected Available Interest Collections**" means, with respect to an Interest Period, the amount of Available Interest Collections that would have been available on the Payment Date falling at the end of such Interest Period, assuming full and timely payment by the Borrowers of interest due and payable on the Loans on the relevant Loan Payment Date falling in such Interest Period (with such amount being subject to reduction in respect of the first two Interest Periods by, for each Interest Period, an amount equal to any difference in the then Expected Available Interest Collections during each such periods if the Italian Notes have not been subscribed for by the end of such Interest Period by the Issuer as compared with the expected amount of Available Interest Collections during such Interest Period if the Italian Notes had been subscribed for by the Issuer by the end of such Interest Period).

There will be no minimum or maximum Note Rate of Interest.

(d) *Determination of Note Rates of Interest and Calculation of Interest Amounts for Notes*

The Agent Bank will, on, or as soon as practicable after, each Interest Rate Determination Date, determine and notify the Issuer, the Note Trustee, the Cash Manager and the Paying Agents in writing of: (i) the Note Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Payment Date (or, in respect of the first Interest Period, the Closing Date) in respect of the Regular Notes of each Class; and (ii) the amount in euro (the "**Regular Note Interest Amount**") payable, subject to Condition 5(i) (*Deferral of Interest*), in respect of such Interest Period in respect of the Regular Notes of each Class (the Regular Note Interest Amount for the Class A Notes being, the "**Class A Interest Amount**"; the Regular Note Interest Amount for the Class B Notes being, the "**Class B Interest Amount**"; the Regular Note Interest Amount for the Class C Notes being, the "**Class C Interest Amount**"; the Regular Note Interest Amount for the Class D Notes being, the "**Class D Interest Amount**"; the Regular Note Interest Amount for the Class E Notes being, the "**Class E Interest Amount**" and the Regular Note Interest Amount for the Class F Notes being, the "**Class F Interest Amount**". The Cash Manager will, on or as soon as practicable after each Determination Date, determine and notify the Issuer, the Note Trustee and the Paying Agents in writing of the Class X Interest Rate applicable to the Interest Period in which such Determination Date falls and the Class X Interest Amount (such Class X Interest Amount, together with the Regular Note Interest Amount, the "**Interest Amount**") that will accrue on the Class X Note during that Interest Period.

Each Regular Note Interest Amount in respect of the Regular Notes will be calculated by applying the Note Rate of Interest to the Adjusted Notional Amount Outstanding of the Regular Notes of each Class, multiplying the product by the actual number of days in the related Interest Period divided by 360 and rounding the resulting figure to the nearest pence (half a pence being rounded upwards). The Class X Interest Amount will be calculated by applying the Class X Interest Rate to the Principal Amount Outstanding of the Class X Note on the first day of the relevant Interest Period.

(e) *Publication of Note Rates of Interest, Interest Amounts and other Notices*

As soon as practicable after receiving notification thereof (but in any event not later than the first day of the relevant Interest Period), the Issuer will cause the Note Rate of Interest and Interest

Amount applicable to the Regular Notes of each Class for each Interest Period and the Payment Date in respect thereof to be notified in writing to the Irish Stock Exchange and will cause notice thereof to be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*). The Interest Amounts and Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes or in the circumstances referred to in Condition 5(i) (*Deferral of Interest*).

(f) *Determination or Calculation by the Note Trustee*

If the Agent Bank (or, in the case of the Class X Note, the Cash Manager) does not at any time for any reason determine the Note Rate of Interest and/or calculate the Interest Amount for each Class of Notes in accordance with the foregoing Conditions, the Note Trustee may (but without any liability accruing to the Note Trustee as a result): (i) determine the Note Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it deems fair and reasonable in all the circumstances; and/or (as the case may be) (ii) calculate the Interest Amount for each Class of Notes in the manner specified in Condition 5(d) (*Determination of Note Rates of Interest and Calculation of Interest Amounts for Notes*) above, and any such determination and/or calculation will be deemed to have been made by the Agent Bank.

(g) *Notifications to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Cash Manager or the Agent Bank or the Note Trustee will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Master Servicer, the Special Servicer, the Cash Manager, the Paying Agents and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Cash Manager, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there are four Reference Banks and an Agent Bank. The initial Reference Banks are to be the principal Eurozone offices of four major banks in the Eurozone interbank market (the "**Reference Banks**") chosen by the Agent Bank. In the event of the principal Eurozone office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. The Agent Bank may resign or be terminated upon 30 days' prior written notice to the Issuer, in the case of resignation, or to the Agent Bank, in the case of termination, provided that no such resignation or termination shall be effective or permitted until such time as a replacement agent bank assumes such role in substitution for the Agent Bank.

(i) *Deferral of Interest*

Subject to the provisions of this Condition 5(i) (*Deferral of Interest*), if there is a shortfall in the required amount of Available Interest Collections on any Payment Date (after, for the avoidance of doubt, the drawing of any amounts available to the Issuer pursuant to the terms of the Liquidity Facility Agreement), then certain amounts of interest due on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and/or the Class X Note (beginning with the Class X Note and thereafter the then Most Junior Class of Regular Notes outstanding) on such Payment Date shall be deferred (with the Issuer creating a provision in its accounts on such Payment Date equal to such interest deferred) and such interest shall not be due and payable until the next Payment Date on which the Issuer has sufficient Available Interest Collections to pay such amounts. No interest payable in relation to the Class A Notes shall be deferred pursuant to this Condition 5(i) (*Deferral of Interest*).

Subject to the provisions of this Condition 5(i) (*Deferral of Interest*), in the event that, on any Payment Date, Available Interest Collections, after deducting all amounts payable in priority to:

(i) (in the case of the Class X Note) interest on the Class X Note;

(ii) (in the case of the Class F Notes) interest on the Class F Notes;

(iii) (in the case of the Class E Notes) interest on the Class E Notes;

(iv) (in the case of the Class D Notes) interest on the Class D Notes;

(v) (in the case of the Class C Notes) interest on the Class C Notes; and

(vi) (in the case of the Class B Notes) interest on the Class B Notes,

(the Available Interest Collections, after each such deduction being the "**Interest Residual Amount**") is not sufficient to satisfy in full the aggregate amount due in respect of interest and, subject to this Condition 5(i) (*Deferral of Interest*), payable in respect of (i), (ii), (iii), (iv), (v) or (vi) (as the case may be) in their respective order of priority, the Issuer shall create a provision in its accounts for the shortfall (if any) equal to the amount by which the aggregate amount paid in respect of (i), (ii), (iii), (iv), (v) or (vi) (as the case may be) in their respective order of priority is less than the aggregate amount payable in respect of paragraphs (i), (ii), (iii), (iv), (v) or (vi) (as the case may be) (the "**Shortfall**"). Such Shortfall shall itself accrue interest during the period from (and including) the due date therefor to (and excluding) the Payment Date upon which such Shortfall is paid at the same rate as that payable in respect of the relevant Class of Notes and shall be payable together with such accrued interest on any succeeding Payment Date only if and to the extent that on such Payment Date, the relevant Available Interest Collections is sufficient to make such payment.

The interest due and payable in respect of the Class F Notes is subject, on any Payment Date, to a maximum amount equal to the lesser of (a) the Class F Interest Amount, and (b) the Adjusted Class F Interest Amount. Notwithstanding the deferral provisions above, the difference between the Regular Note Interest Amount applicable to the Class F Notes and the Adjusted Class F Interest Amount will be extinguished on such Payment Date and the affected Noteholders will have no claim against the Issuer in respect thereof.

For the avoidance of doubt, non-payment on any Payment Date of any amount which would otherwise be payable under these Conditions but for this Condition 5(i) (*Deferral of Interest*) shall not constitute a Note Event of Default pursuant to Condition 10 (*Events of Default*).

6. Redemption and Cancellation

(a) *Final Redemption*

Unless previously redeemed in full and cancelled as provided in this Condition 6 (*Redemption and Cancellation*), the Issuer shall redeem the Notes at their aggregate Principal Amount Outstanding together with accrued interest on the Payment Date which is the Maturity Date.

The Issuer may not redeem Notes in whole or in part prior to that date except as described in this Condition 6 (*Redemption and Cancellation*), but without prejudice to Condition 10 (*Events of Default*).

Prior to the service of a Note Enforcement Notice and on the date (the "**Class X Redemption Date**") on which all of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are redeemed in full, the Class X Note shall be redeemed in full in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus any interest accrued and unpaid thereon. The funds to be used by the Issuer to redeem the Class X Note shall be drawn from the Class X Account where, at all times prior to the service of a Note Enforcement Notice, the amount of €5,000 (the "**Class X Investment Amount**") is retained to invest

in Eligible Investments for the specific purpose of repaying in full the remaining Principal Amount Outstanding of the Class X Note.

Upon the service of a Note Enforcement Notice, the Class X Note shall be redeemed in accordance with the Issuer Post-Enforcement Priority of Payments.

(b) *Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*

Except as provided in Conditions 6(c) (*Mandatory Redemption for Tax or Other Reasons),* 6(d) *(Optional Redemption in Full*) or 6(e) (*Mandatory Redemption in Full - Swap Agreement*), prior to the service of a Note Enforcement Notice and subject as provided below, the Notes shall be subject to mandatory redemption in part in the manner set forth below on each Payment Date if, on the Determination Date (as defined in the Master Definitions Agreement) relating thereto, there are any Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments or Available Principal Recovery Proceeds (each as defined below) remaining, after paying any and all amounts payable out of such funds in priority to payments on such Class of Notes. Additionally, prior to the service of a Note Enforcement Notice and subject as provided below (see Condition 6(b)(1)"*Application of Available Sequential Principal*" and Condition 6(b)(2)"*Application of Available Pro Rata Principal*"), the Notes shall be subject to mandatory redemption in part in the manner set forth below on each of the Firebird Special Principal Payment Date, the Thunderbird Special Principal Payment Date, the E-Shelter Special Principal Payment Date, the Corvatsch Special Principal Payment Date and the Tour Esplanade Special Principal Payment Date if on such dates there is any Available Pro Rata Principal (as defined below).

(1) Application of Available Sequential Principal

The Available Sequential Principal will be applied, to the extent of available funds in the following order of priority (the "**Issuer Sequential Principal Pre-Enforcement Priority of Payments**"), all as more fully set out in the Issuer Deed of Charge:

(i) *first*, in payment of amounts due and payable in respect of principal to the Currency Swap Provider pursuant to the terms of the Currency Swap Transactions (except for any swap breakage costs or any part thereof due and payable to the Currency Swap Provider);

(ii) *second*, pro rata and pari passu:

(a) to pay to the Special Servicer, any:

(1) Liquidation Fee due and payable in respect of any Loan (other than the Swiss Unsecured Loans and the Italian Loan); and

(2) in respect of any Loan (other than the Swiss Unsecured Loans and the Italian Loan) which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of such Loan for such Loan Interest Period,

each in accordance with and pursuant to the terms of the Servicing Agreement; and

(b) to pay to the Italian Issuer, the then Italian Issuer PC Fee;

(c) to repay to the Liquidity Facility Provider from principal repayments of any Loan any amount previously drawn and outstanding (plus any accrued interest thereon) on the Liquidity Facility but only to the extent that such an amount remains outstanding after the application of any Available Interest Collections (in accordance with the Issuer Revenue Pre-Enforcement Priority of Payments) on such Payment Date;

(iii) *third*, in repaying principal on the Class A Notes until all of the Class A Notes have been redeemed in full;

(iv) *fourth*, in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

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

(vi) *sixth*, in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full.

(vii) *seventh,* in repaying principal on the Class E Notes until all of the Class E Notes have been redeemed in full.

(viii) *eighth*, in repaying principal on the Class F Notes until all of the Class F Notes have been redeemed in full.

(2) Application of Available Pro Rata Principal

Following application of the Available Sequential Principal as set forth immediately above, Available Pro Rata Principal will be applied, to the extent of available funds, from the Issuer Euro Transaction Account and the Issuer Swiss Franc Transaction Account in the following order of priority (the "**Issuer Pro Rata Principal Pre-Enforcement Priority of Payments**" and together with the Issuer Sequential Principal Pre-Enforcement Priority of Payments, the "**Issuer Principal Pre-Enforcement Priority of Payments**"), all as more fully set out in the Issuer Deed of Charge:

(i) *first*, in payment of amounts due and payable in respect of principal to the Currency Swap Provider pursuant to the terms of the Currency Swap Transactions (except for any swap breakage costs or any part thereof due and payable to the Currency Swap Provider (to the extent not paid from Available Sequential Principal));

(ii) *second, pro rata* and *pari passu*:

(a) to pay to the Special Servicer, any:

(1) Liquidation Fee due and payable in respect of any Loan (other than the Swiss Unsecured Loans and the Italian Loan) (to the extent not paid from Available Sequential Principal); and

(2) in respect of any Loan (other than the Swiss Unsecured Loans and the Italian Loan) which is repaid in full during the immediately preceding Loan Interest Period, any Workout Fee due and payable in respect of such Loan for such Loan Interest Period (to the extent not paid from Available Sequential Principal),

each in accordance with and pursuant to the terms of the Servicing Agreement; and

(b) to pay to the Italian Issuer, the then Italian Issuer PC Fee;

(c) to repay to the Liquidity Facility Provider from principal repayments of any Loan any amount previously drawn and outstanding (plus any accrued interest thereon) on the Liquidity Facility but only to the extent that such an amount remains outstanding after the application of any Available Interest Collections (in accordance with the Issuer Revenue Pre-Enforcement Priority of Payments) (and to the extent not paid from Available Sequential Principal) on such Payment Date;

(iii) *third*, (save as set out below in relation to the Class F Notes) in repaying, *pro rata* and *pari passu*, principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D

Notes, the Class E Notes and the Class F Notes in proportion to (each of the proportions calculated using the Principal Amount Outstanding of the relevant class of Notes following the application of Available Sequential Principal on the relevant Payment Date):

(a) if any Class A Notes are then outstanding, the Principal Amount Outstanding of each Class of Notes as at the relevant Payment Date;

(b) if the Class A Notes have been redeemed in full but any Class B Notes are then outstanding, the same proportion as the Principal Amount Outstanding of each of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(c) if the Class A Notes and the Class B Notes have been redeemed in full but any Class C Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(d) if the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full but any Class D Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class D Notes, the Class E Notes or the Class F Notes as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class D Notes, the Class E Notes and the Class F Notes as at the relevant Payment Date;

(e) if the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full but any Class E Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class E Notes or the Class F Notes as the case may be, as at the relevant Payment Date bears to the aggregate Principal Amount Outstanding of the Class E Notes and the Class F Notes as at the relevant Payment Date;

(f) if the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed in full but any Class F Notes are then outstanding, the Principal Amount Outstanding of the Class F Notes as at the relevant Payment Date,

until each Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Class F Note has been redeemed in full (provided that, for so long as the Woolworth Boenen Whole Loan is outstanding and there are other Classes of Regular Notes Outstanding other than just the Class F Notes, the Class F Notes are only entitled to be repaid on the pro rata basis set out above until the Principal Amount Outstanding on the Class F Notes is equal to €6,000,000 and thereafter, until such time as the Woolworth Boenen Whole Loan is repaid, the Class F Notes shall be disregarded in their entirety for the purposes of allocating Available Pro Rata Principal Amounts and no further repayments will be permitted whilst such circumstances exist).

If, in accordance with the above, any principal amount remains allocated to any Class of Notes after such Class of Notes has been redeemed in full, such excess shall be applied in accordance with the Issuer Sequential Principal Pre-Enforcement Priority of Payments.

For the purposes of these Conditions:

"**Amortising Payments**" means the aggregate amount of principal received by or on behalf of the Issuer in respect of the Loans, the Swiss Unsecured Loans and the Italian Notes, other than any Principal Prepayments, Final Principal Payments or Principal Recovery Proceeds;

"**Available Amortising Payments**" means, in respect of any Determination Date, the sum of (i) the Amortising Payments received by or on behalf of the Issuer during the Collection Period then ended, less (ii) the aggregate amount of Amortising Payments applied by the Issuer in respect of any Principal Priority Amounts and Revenue Priority Amounts (each as defined below) during that Collection Period (as defined in the Master Definitions Agreement) in accordance with the Issuer Deed of Charge**,** to the extent that such moneys have not been taken into account in the calculation of Available Amortising Payments on any preceding Determination Date;

"**Available Final Principal Payments**" means, in respect of any Determination Date, the Final Principal Payments (as defined below) received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Final Principal Payments applied by the Issuer in respect of Principal Priority Amounts and Revenue Priority Amounts during that Collection Period in accordance with the Issuer Deed of Charge, to the extent that such moneys have not been taken into account in the calculation of Available Final Principal Payments on any preceding Determination Date;

"**Available Principal Collections**" means in respect of any Determination Date, the aggregate of (i) Available Pro Rata Principal (as defined below) and (ii) Available Sequential Principal (as defined below);

"**Available Principal Prepayments**" means in respect of any Determination Date, the Principal Prepayments (as defined below) received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Principal Prepayments applied by the Issuer in respect of any Principal Priority Amounts and Revenue Priority Amounts during that Collection Period in accordance with the Issuer Deed of Charge, to the extent that such moneys have not been taken into account in the calculation of Available Principal Prepayments on any preceding Determination Date;

"**Available Principal Recovery Proceeds**" means, in respect of any Determination Date, the Principal Recovery Proceeds (as defined below) received or recovered by or on behalf of the Issuer during the Collection Period then ended, less the aggregate amount of Principal Recovery Proceeds applied by the Issuer in respect of any Principal Priority Amounts and Revenue Priority Amounts during that Collection Period in accordance with the Issuer Deed of Charge (to the extent that such moneys have not been taken into account in the calculation of Available Principal Recovery Proceeds on any preceding Determination Date);

"**Available Pro Rata Principal**" means:

(a) in respect of any Determination Date, the Pro Rata Percentage Amount;

(b) on the Firebird Special Principal Payment Date, the then Firebird Distributable Capex Advance Amount (if any);

(c) on the Thunderbird Special Principal Payment Date, the then Distributable Remaining Capex Advance Amount (if any);

(d) on the Corvatsch Special Principal Payment Date, the then Corvatsch Distributable Capex Advance Amount (if any);

(e) on the E-Shelter Special Principal Payment Date, the then E-Shelter Distributable Capex Advance Amount (if any);

(f) on the Tour Esplanade Special Principal Payment Date, the then Tour Esplanade

Remaining Capex Advance Amount (if any); and

(g) if the Italian Notes are not issued by the Italian Notes Final Issue Date, the Italian Notes Subscription Amount.

"**Available Sequential Principal**" means, in respect of any Determination Date, the aggregate of (i) the Sequential Percentage Amount; (ii) any Available Principal Recovery Proceeds; and (iii) any Available Amortising Payments, as each is calculated on such Determination Date;

"**Final Principal Payments**" means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loans, the Swiss Unsecured Loans and the Italian Notes, as a result of the repayment of any Loans, Swiss Unsecured Loans and Italian Notes, upon their scheduled maturity date;

"**Full Sequential Pay Test**" is the test which, on a Determination Date, is met if as at such Determination Date:

(a) Payment Defaults have occurred (where "**Payment Default**" means any failure by a Borrower to pay any amount then due and payable on a Loan (which failure is not cured by a B Piece Lender pursuant to any relevant Intercreditor Agreement) whereby, pursuant to the terms of the relevant Loan Agreement, after expiry of any applicable grace periods, such Loan is thereby entitled to be accelerated and all amounts then outstanding are thereby immediately due and payable) (and without regard to whether or not such Payment Defaults have been waived) in respect of more than 15 per cent. of the aggregate principal amount outstanding of the Loans (as at the Closing Date) since the Closing Date (save that, if a Payment Default has occurred in respect of a Loan and has since been cured and a further Payment Default subsequently occurs in respect of such Loan, such Loan shall be counted only once for the purposes of this paragraph); or

(b) a Principal Loss has occurred.

"**Intercreditor Agreements**" means the Intercreditor Agreements to be entered into on or about 3 April 2007 and 12 April 2007, and "**Intercreditor Agreement**" means any of them.

"**Principal Prepayments**" means the sum of: (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loans, the Swiss Unsecured Loans and the Italian Notes, as a result of any prepayment in part or in full made by the Borrowers pursuant to the terms of the related Loan Agreements (as defined in the Master Definitions Agreement), the Swiss Unsecured Loan Agreements (as defined in the Master Definitions Agreement) and the Italian Notes Terms and Conditions (as defined in the Master Definitions Agreement); (ii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of a repurchase/purchase of a Loan by an Originator or Lehman Brothers Bankhaus AG, acting through its London branch pursuant to the terms of the Loan Sale Agreement; and (iii) all insurance proceeds relating to principal received by or on behalf of the Issuer other than those required to be paid to the relevant Borrower or used to reinstate the related Property pursuant to the terms of the related Loan documents, the related insurance policies or any other relevant instrument, and for the avoidance of doubt, this term excludes any Release Amounts;

"**Principal Priority Amounts**" means any amounts in respect of principal payable by the Issuer to an Originator pursuant to the terms of the Loan Sale Agreement following the repurchase/purchase of the related Loan by such Originator;

"**Principal Recovery Proceeds**" means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of actions taken in accordance with the enforcement procedures in respect of a Loan and/or the Related Security;

"**Pro Rata Percentage Amount**" is an amount, as calculated on each Determination Date, equal to:

(a) if the Full Sequential Pay Test is not met, 50 per cent. of the Available Principal Prepayments, the Release Amounts and the Available Final Principal Payments received in respect of the Loans during the immediately preceding Collection Period;

(b) if the Full Sequential Pay Test is met, zero;

"**Release Amounts**" means, in relation to the disposal of a Property, the amount in excess of the allocated loan amount for that Property which is to be paid upon such disposal in accordance with the terms of the related Loan Agreement;

"**Revenue Priority Amounts**" means: (i) any amounts due and payable by the Issuer in the course of its business, consisting of sums due to third parties, other than the Issuer Secured Creditors (such as the Rating Agencies), including costs, expenses, fees and indemnity claims due and payable to any receiver appointed on behalf of a Security Agent in respect of a Loan or its Related Security and including the Issuer's liability, if any, to corporation tax and/or value added tax; and (ii) any amount in respect of interest payable by the Issuer to an Originator or Lehman Brothers Bankhaus AG, acting through its London branch in respect of a Loan which has been repurchased/purchased by the Originator or Lehman Brothers Bankhaus AG, acting through its London branch in accordance with the Loan Sale Agreement; and

"**Sequential Percentage Amount**" is an amount, as calculated on each Determination Date, equal to:

(a) if the Full Sequential Pay Test is not met, 50 per cent. of their initial the Available Principal Prepayments, the Release Amounts and the Available Final Principal Payments received in respect of the Loans during the immediately preceding Collection Period; or

(b) if the Full Sequential Pay Test is met, the Available Principal Prepayments and the Available Final Principal Payments received in respect of all the Loans during the immediately preceding Collection Period.

(c) *Mandatory Redemption for Tax or Other Reasons*

If the Issuer at any time satisfies the Note Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom, Ireland or any other jurisdiction or by virtue of a change in the application or official interpretation thereof, in each case from that in effect on the Closing Date, on the next or any subsequent Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note, any amount for or on account of any present or future taxes, duties, assessments or governmental charges levied, collected or assessed by the related jurisdiction and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in the law of the United Kingdom, Ireland or any other jurisdiction from that in effect on the Closing Date, either the Note Trustee is of the sole opinion that such change in law or change in the applications or official interpretation thereof will have a material adverse effect on the Noteholders, or any amount payable by the Borrowers in relation to the Loans is or will be reduced or ceases or will cease to be receivable (whether or not actually received) by the Issuer during the then current Interest Period and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the Note Trustee that it will have the necessary funds on such Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 6(c) and any amounts required under the Issuer Deed of Charge to be paid in priority to, or *pari passu* with, the Notes to be so redeemed and, provided that, on the Payment Date on which such notice expires, no Note Enforcement Notice has been served, then the Issuer shall, on any Payment Date on which the related event described above is continuing, having given not more than 60 nor less than 30 days' prior written notice ending on such Payment Date to the Note Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*), redeem:

(A) all Class A Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(B) all Class B Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(C) all Class C Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(D) all Class D Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon; and

(F) all Class F Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 6(c) (*Mandatory Redemption for Tax or Other Reasons*). Once redeemed to the full extent provided in this Condition 6(c) (*Mandatory Redemption for Tax or Other Reasons*), the Notes shall cease to bear interest.

The Class X Note will be subject to mandatory redemption in part from amounts standing to the credit of the Class X Account on the first Distribution Date in the amount of €45,000. The remaining principal amount outstanding in respect of the Class X Note will not be repaid until the earlier to occur of:

(a) the Final Maturity Date;

(b) the date that all notes have been redeemed in full; or

(c) the service of a Note Enforcement Notice.

(d) *Optional Redemption in Full*

Upon giving not more than 60 days' nor less than 10 Business Days' prior written notice to the Note Trustee, the Irish Stock Exchange and to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) and provided that, on the Payment Date on which such notice expires, no Note Enforcement Notice has been served, and further provided that the Master Servicer or any of its assignees (or if the Master Servicer or any of its assignees does not exercise such discretion, the Special Servicer or its assignees) has, prior to giving such notice, certified to the Note Trustee that the Issuer will have the necessary funds to discharge all of the Issuer's liabilities in respect of the Notes to be redeemed under this Condition 6(d) on such Payment Date and any amounts required under the Issuer Deed of Charge to be paid on such Payment Date which rank prior to, or *pari passu* with, the Notes, and further provided that the then aggregate Principal Amount Outstanding of all of the Notes would be less than 10 per cent. of their aggregate Principal Amount Outstanding as at the Closing Date, exclusively the Master Servicer or its assignee (or if the Master Servicer or its assignee does not exercise such discretion, the Special Servicer or its assignee) may direct the Issuer, on such party's behalf, to redeem on such Payment Date:

(A) all Class A Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(B) all Class B Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(C) all Class C Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(D) all Class D Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(F) all Class F Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon; and

(G) provided that all the other Notes have been redeemed in full and using only the Class X Investment Amount, the Class X Note, in an amount equal to the then Principal Amount Outstanding of such Class of Note plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 6(d) (*Optional Redemption in Full)*. Once the Notes are redeemed to the full extent provided in this Condition 6(d) (*Optional Redemption in Full)*, all of the Notes shall cease to bear interest.

(e) *Mandatory Redemption in Full – Swap Agreement*

If, following the occurrence of a Tax Event (as defined below), a Swap Provider is unable to transfer its rights and obligations under the relevant Swap Agreement to another branch, office, affiliate or suitably rated third party to cure the Tax Event and the Issuer is unable to find a replacement swap provider (the Issuer being obligated to use reasonable efforts to find a replacement swap provider), and as a result thereof, the relevant Swap Agreement is terminated, then, on giving not more than 60 nor less than 30 days' written notice to the Note Trustee, the Irish Stock Exchange and to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) and provided that, on the Payment Date on which such notice expires, no Note Enforcement Notice has been served and further provided that the Issuer has, prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 6(e) on such Payment Date and any amounts required under the Issuer Deed of Charge to be paid on such Payment Date which rank prior to, or *pari passu* with, the Notes, the Issuer shall redeem on such Payment Date:

(A) all Class A Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(B) all Class B Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(C) all Class C Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(D) all Class D Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon;

(F) all Class F Notes, in an amount equal to the then Principal Amount Outstanding of such Class of Notes plus interest accrued and unpaid thereon; and

(G) provided that all the other Notes have been redeemed in full and using only the Class X Investment Amount, the Class X Note in an amount equal to the then Principal Amount Outstanding of such Class of Note plus interest accrued and unpaid thereon.

After giving notice of redemption, the Issuer may not make any further payment of principal on the Notes and no further reduction will be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition. Once redeemed to the full extent provided in this Condition 6(e) (*Mandatory Redemption in Full - Swap Agreement*), the Notes shall cease to bear interest.

For the purposes of this Condition 6 (*Redemption and Cancellation*), "**Tax Event**" means:

(i) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to a Swap Agreement); or

(ii) the enactment, promulgation, execution or ratification of, or change in or amendment to, any law (or in the application or interpretation of any law),

as a result of which, on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any government or taxing authority, either the Issuer or the relevant Swap Provider will, or there is a substantial likelihood that it will, be required to pay additional amounts or make an advance in respect of tax under such Swap Agreement or such Swap Provider will, or there is a substantial likelihood that it will, receive a payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax and no additional amount or advance is able to be paid by the Issuer.

(f) *Note Principal Payments, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor*

The principal amount (if any) to be redeemed in respect of each Note (the "**Note Principal Payment**") on any Payment Date under Conditions 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*), 6(c) (*Mandatory for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Mandatory Redemption in Full - Swap Agreement*), as applicable, shall, in relation to the Notes of a particular Class, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that Class on such Payment Date under such Condition 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*), 6(c) (*Mandatory Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Mandatory Redemption in Full - Swap Agreement*), as applicable, except that no such Note Principal Payment may exceed the Principal Amount Outstanding of the related Note.

On each Determination Date, the Cash Manager will determine: (i) the amount of any Note Principal Payment (if any) due on the next following Payment Date; (ii) the Principal Amount Outstanding of each Note on the next following Payment Date (after deducting any Note Principal Payment to be paid in respect of such Note on that Payment Date); (iii) the Adjusted Notional Amount Outstanding of each Note on the next following Payment Date (after deducting any Note Principal Payment to be paid in respect of such Note on that Payment Date and any Principal Losses) and (iii) the fraction expressed as a decimal to the sixth place (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding (after deducting any Note Principal Payment to be paid on that Payment Date) of a Regular Note of the related Class (calculated on the assumption that the face amount of such Note on the date of issuance thereof was €100,000 and the denominator is 100,000). Each determination by the Cash Manager of any Note Principal Payment, the Principal Amount Outstanding of a Note, the Adjusted Notional Amount Outstanding and the Pool Factor shall in each case, in the absence of wilful default, bad faith or manifest error, be final and binding on all persons.

On the Payment Date following the occurrence of a Principal Loss in respect of a Loan, the aggregate Adjusted Notional Amount Outstanding of the Notes will, except as provided below, be reduced by the amount of the Principal Loss as follows: *first*, the Adjusted Notional Amount Outstanding of the Class F Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class F Notes is zero; and *second*, the Adjusted Notional Amount Outstanding of the Class E

Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class E is Notes is zero; and *third*, the Adjusted Notional Amount Outstanding of the Class D Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class D is Notes is zero; and *fourth*, the Adjusted Notional Amount Outstanding of the Class C Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class C is Notes is zero; and *fifth,* the Adjusted Notional Amount Outstanding of the Class B Notes will be reduced until the Adjusted Notional Amount Outstanding of the Class B Notes is zero. The Adjusted Notional Amount Outstanding of the Class A Notes and the Class X Note will not be reduced by Principal Losses and will at all times be equal to the Principal Amount Outstanding of such Class of Notes. The Principal Loss applied to reduce the Adjusted Notional Amount Outstanding of any Note will be equal to its Applicable Principal Losses. Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Adjusted Notional Amount Outstanding of a Note will be made on the assumption that the face amount of such Note on the date of issuance thereof was €100,000.

For the purposes of these Conditions:

"**Adjusted Notional Amount Outstanding**" of a Note of any Class or of any Class of Notes on any date shall be the face amount of such Note or all the Notes of such Class as the case may be, on the date of issuance thereof less: (a) the aggregate amount of all Note Principal Payments in respect of such Note that have been paid since the Closing Date and on or prior to the date of calculation; and (b) the aggregate amount of all Applicable Principal Losses in respect of such Note or in respect of the Notes of such Class, as the case may be, that have been applied to such Note or in respect of the Notes of such Class as the case may be, since the Closing Date and on or prior to the date of calculation.

"**Applicable Principal Losses**" means on any Payment Date, in relation to the Notes of a particular Class, other than the Class A Notes and the Class X Note, a *pro rata* share of the amount equal to the aggregate amount of Principal Losses required to be applied to the Notes of that Class on such Payment Date**.**

"**Principal Amount Outstanding**" of a Note of any Class or of any Class of Notes on any date shall be the face amount of such Note or all the Notes of such Class, as the case may be, on the date of issuance thereof less the aggregate amount of all Note Principal Payments in respect of such Note that have been paid since the Closing Date and on or prior to the date of calculation.

"**Principal Loss**" means, on any Determination Date**,** the amount by which the aggregate principal balance determined by the Master Servicer and as the case may be, the Special Servicer, to be outstanding in respect of the Loans (taking into account Borrower Principal Collections in prior Collection Periods and principal amounts written off by the Master Servicer following a Borrower's default and a Final Recovery Determination being made or following an amendment to the terms of the related Loan involving a reduction of the principal amount outstanding thereon) is, in aggregate, less than the aggregate Principal Amount Outstanding of the Notes on such Determination Date.

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Note Principal Payment, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor to be notified in writing forthwith to the Note Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and, for so long as the Notes are admitted to trading on the Irish Stock Exchange, the Irish Stock Exchange, and will cause notice of each determination of a Note Principal Payment, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor to be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) as soon as reasonably practicable.

If the Issuer or the Cash Manager on behalf of the Issuer does not at any time for any reason determine a Note Principal Payment, Principal Amount Outstanding, Adjusted Notional Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this Condition 6(f) (*Note Principal Payments, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor*), such Note Principal Payment, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor may be determined by the Note Trustee (but without any

liability accruing to the Note Trustee as a result), in accordance with this Condition 6(f) (*Note Principal Payments, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor*), and each such determination or calculation shall be conclusive and shall be deemed to have been made by the Issuer or the Cash Manager, as the case may be.

(g) *Notice of Redemption*

Any such notice of redemption given by the Issuer in connection with a redemption described in any of Conditions 6(c) (*Mandatory Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Mandatory Redemption in Full - Swap Agreement*) or (f) (*Note Principal Payments, Principal Amount Outstanding, Adjusted Notional Amount Outstanding and Pool Factor*) above shall be irrevocable and, upon the expiration of such notice, the Issuer will be bound to redeem the Notes of the related Class in the amounts specified in these Conditions.

(h) *Cancellation*

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled upon redemption and may not be resold or re-issued.

7. **Payments**

(a) *Global Certificates*

Payments of principal and interest in respect of any Global Certificate will be made only against presentation (and, in the case of final redemption of a Global Certificate or in circumstances where the unpaid Principal Amount of the related Global Certificate would be reduced to zero (including as a result of any other payment of principal due in respect of such Global Certificate), surrender) of such Global Certificate at the specified office of any Paying Agent or Registrar as shall have been notified to the Noteholders for such purpose. A record of each payment so made, distinguishing, in the case of a Global Certificate, between payments of principal and payments of interest and, in the case of partial payments, of the amount of each partial payment, will be endorsed on the schedule to the related Global Certificate which endorsement shall be *prima facie* evidence that such payment has been made.

Payments in respect of the Rule 144A Global Certificate will be paid (i) in euro to holders of interests in such Global Certificate who hold such interests through Euroclear and/or Clearstream, Luxembourg (the "**Rule 144A Euroclear/Clearstream Holders**"), and (ii) subject to the discussion below, in U.S. Dollars to holders of interests in such Global Certificate who hold such interests through DTC (the "**DTC Holders**"). Payments in respect of the Regulation S Global Certificate will be paid in euro to holders of interests in such Notes (such holders being, together with the Rule 144A Euroclear/Clearstream Holders, the "**Euroclear/Clearstream Holders**").

At present, DTC can only accept payments in U.S. Dollars. As a result, holders of interests in Rule 144A Global Certificates will receive payments in U.S. Dollars as described above unless they elect, in accordance with DTC's customary procedures, to receive payments in euro.

A holder of an interest in Global Certificates through Euroclear or Clearstream, Luxembourg may receive payments in respect of its interest in any Global Certificate in U.S. Dollars in accordance with Euroclear's and Clearstream, Luxembourg's customary procedures. All costs of conversion from any such election will be borne by such Euroclear/Clearstream Holder.

(b) *Individual Certificates*

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the related Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note, in which case the related payment of principal or interest, as the case may be, will be made against surrender of such Note)) in respect of Individual Certificates will be made by euro cheque drawn on a branch of a bank in London posted to the holder (or to the first-named of joint holders) of such Individual Certificate at the address shown in the Register not

later than the due date for such payment. If any payment due in respect of any Individual Certificate is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, paid. For the purposes of this Condition 7 (*Payments*), the holder of an Individual Certificate will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (the "**Record Date**").

Upon application by the holder of an Individual Certificate to the specified office of the Registrar or the Transfer Agent or Paying Agent not later than the Record Date for payment in respect of such Individual Certificate, such payment will be made by transfer to a euro account maintained by the payee with a branch of a bank in London. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Individual Certificate until such time as the Registrar or Transfer Agent or Paying Agent is notified in writing to the contrary by the holder thereof.

(c) *Laws and Regulations*

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) *Overdue Principal Payments*

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 5(a) (*Period of Accrual*) will be paid against presentation of such Note at the specified office of any Paying Agent or the Registrar, and in the case of any Individual Certificate, will be paid in accordance with Condition 7(b) (*Individual Certificates*).

(e) *Change of Agents*

The Principal Paying Agent is ABN AMRO Bank N.V. (London Branch). The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar, the Exchange Agent and the Agent Bank and to appoint additional or other Agents. The Issuer will maintain a Paying Agent with a specified office in Ireland for so long as the Notes are listed on the Irish Stock Exchange and will at all times until final redemption of all Notes maintain a Transfer Agent and a Paying Agent in London. If European Union Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought into force, the Issuer will maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct any amount for or on account of any tax pursuant to that Directive or any law implementing or complying with, or introduced in order to conform to, that Directive (if such an EU member state exists). The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents, Transfer Agent or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

(f) *Presentation on Non-Business Days*

If any Note is presented (if required) for payment on a day which is not a Business Day in the place where it is so presented and (in the case of payment by transfer to an account as referred to in Condition 7(b) (*Individual Certificates*) above) in London or New York City, as the case may be, payment shall be made on the next succeeding day that is a Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note. No further payments of additional amounts by way of interest, principal or otherwise shall be payable in respect of the late arrival of any cheque posted to a Noteholder in accordance with the provisions of Condition 7(b) (*Individual Certificates*).

8. **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges unless the Issuer or any Paying Agent is

required by law to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent, as the case may be, will be required to make such payment after such withholding or deduction has been made and will be required to account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of amounts withheld or deducted.

9. **Prescription**

Claims for interest and principal in respect of Global Certificates will become void unless the relevant Global Certificates are presented for payment within ten years of the relevant date.

Claims for principal and interest in respect of Individual Certificates will become void unless made within ten years of the appropriate relevant date.

As used above, the "**relevant date**" means the date on which a payment in respect of a Note first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect duly given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

10. **Events of Default**

(a) *Eligible Noteholders*

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**"), the Note Trustee at its absolute discretion, subject to Condition 12(l), may, and if so requested in writing by the Eligible Noteholders (as defined below) or if so directed by or pursuant to an Extraordinary Resolution of the holders of the Most Senior Class of Regular Notes then outstanding (or, if the Class X Note is the only Note outstanding, the holder of Class X Note) shall, subject to the Note Trustee being indemnified and/or secured to its satisfaction, give notice (a "**Note Enforcement Notice**") to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

(i) the failure, for a period of three days, to make a payment of principal, or the failure, for a period of five days, to make a payment of interest on, the Most Senior Class of Regular Notes then outstanding (or, if Class X Note is the only Class of Notes then outstanding, the Class X Note); in each case when the same becomes due and payable in accordance with these Conditions;

(ii) a default by the Issuer in the performance or observance of any other obligation binding upon it under any of the Notes of any Class, the Trust Deed, the Issuer Deed of Charge or the other Transaction Documents to which it is party and, in any such case (except in a case where the Note Trustee certifies that such default is incapable of remedy, in which event no notice of default will be required to be delivered), such default continues for a period of 14 days following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 214 of the Companies Act, 1963 of Ireland and Section 2(3) of the Companies (Amendment) Act, 1990 of Ireland (as those sections may be amended from time to time); or

(iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note

Trustee or the Eligible Noteholders in writing or by an Extraordinary Resolution of the holders of the Most Senior Class of Regular Notes then outstanding; or

(v) (1) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, examinership, composition, reorganisation, readjustment or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or (2) an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer takes possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process is levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally;

provided that in the case of each of the events described in Condition 10(a)(ii), the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class of Regular Notes then outstanding.

For the purposes of these Conditions, "**Eligible Noteholders**" means the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Regular Notes then outstanding or if the Class X Note is the only Note outstanding, the Class X Note.

(b) *Effect of Declaration by Note Trustee*

Upon any declaration being made by the Note Trustee in accordance with Condition 10(a) (*Eligible Noteholders*), all Classes of the Notes then outstanding shall immediately become due and repayable at their respective Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Issuer Deed of Charge.

11. **Enforcement**

Subject to the provisions of Condition 10 (*Events of Default*), Condition 13 (*Indemnification and Exoneration of the Note Trustee*), Condition 17 (*Limited Recourse and Non Petition*) and Condition 12(l), the Note Trustee may, at its discretion and without notice, take such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes and the Transaction Documents and may, at any time after the Issuer Security has become enforceable, at its discretion and without notice, take such steps as it may think fit to enforce the Issuer Security, but the Note Trustee shall not be bound to take any such proceedings or steps unless:

(a) it is directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Regular Notes then outstanding (or, if the Class X Note is the only Note outstanding, the holder of Class X Note) or by a notice in writing signed by the Eligible Noteholders; and

(b) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may become liable and all liabilities, losses, costs, damages and expenses (including, without limitation, indemnity claims and properly incurred legal fees and any VAT thereon) which it may incur by so doing.

The Class X Noteholder shall not be entitled to direct the Trustee to take enforcement action hereunder unless the Class X Note is the only Note outstanding.

Enforcement of the Issuer Security shall be the only remedy available to the Note Trustee, and the Noteholders for the repayment of the Notes and any interest on the Notes. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents unless the Note Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing; *provided* that no Class B Noteholder (for so long as there is any Class A Note outstanding), no Class C Noteholder (for so long as there is any Class A Note or Class B Note outstanding), no Class D Noteholder (for so long as there is any Class A Note, Class B Note or Class C Note outstanding), no Class E Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note or Class D Note outstanding), no Class F Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note, Class D Note or Class E Note outstanding) and no Class X Noteholder (for so long as there is any Class A Note, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note outstanding) shall be entitled to take proceedings for the winding up or administration of the Issuer. The Note Trustee may not, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Issuer Secured Creditor under the Issuer Deed of Charge.

12. **Meetings of Noteholders, Modification and Waiver**

(a) The Trust Deed contains provisions for convening meetings of the Noteholders of any Class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, among other things, the removal of the Note Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents.

(b) Subject to Condition 12(l), no Extraordinary Resolution involving a Basic Terms Modification (as defined below) that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Note, the holders of which may not pass an extraordinary resolution unless the Class X Note is the only other Class of Notes then outstanding) to the extent that there are Notes outstanding in such other Classes.

(c) An Extraordinary Resolution passed at any meeting of any Class of Noteholders to approve a matter other than a Basic Terms Modification will not be effective for any purpose unless either:

(a) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class or Classes of Noteholders senior to such Class of Noteholders. For the purposes of this Condition 12, Class A Notes rank senior to Class B Notes, which rank senior to Class C Notes, which rank senior to Class D Notes, which rank senior to Class E Notes, which rank senior to Class F Notes; or

(b) it is sanctioned by an Extraordinary Resolution of each Class of Noteholders (other than the Class X Noteholder) senior to such Class of Noteholders.

The Class X Noteholder may not at any time pass an Extraordinary Resolution (except in such circumstances where the Class X Note is the only Class of Note then outstanding and only then may the Class X Noteholder pass an Extraordinary Resolution).

(d) Subject as provided below, the quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such Class or, at any adjourned meeting, two or more persons being or representing Noteholders of such Class whatever the Principal Amount Outstanding of the Notes of such Class so held or represented. For so long as all the Notes (whether being Individual Certificates or represented by a Global Certificate) of a Class are held by one person, such person will be deemed to constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

(e) The quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution in respect of a Basic Terms Modification will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, $33^{1}/_{3}$ per cent. in Principal Amount Outstanding of the Notes of such Class for the time being outstanding. The foregoing notwithstanding, the implementation of certain Basic Terms Modifications will be subject to the receipt of written confirmation from each Rating Agency that the then current ratings of each Class of Notes rated thereby will not be qualified, downgraded or withdrawn as a result of such modification (provided that, in the case of Moody's, no such written confirmation will be required, however, such modification will be notified to Moody's by the Issuer).

(f) The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any Class will be binding on all Noteholders of such Class whether or not they are present at such meeting.

(g) The Note Trustee may agree, without the consent of the holders of Notes of any Class or any other Secured Party (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the holders of the Most Senior Class of Regular Notes then outstanding (or, if the Class X Note is the only Note outstanding, the holder of Class X Note) and would not constitute a change in any Permitted Activities that the Issuer may undertake or (ii) to any modification of the Notes (including these Conditions) or any of the Transaction Documents which, in the sole opinion of the Note Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Note Trustee may also, without the consent of the Noteholders of any Class or any other Secured Party, determine that an Event of Default should not, subject to specified conditions, be treated as such, provided always that the Note Trustee shall not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or in contravention of an Extraordinary Resolution of holders of the Most Senior Class of Regular Notes then outstanding (or, if the Class X Note is the only Note outstanding, the holder of Class X Note) (provided that no such direction may affect any modification, authorisation, waiver or determination previously made or given. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification will be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notice to Noteholders*).

(h) Where the Note Trustee is required, in connection with the exercise of its powers and trusts, to have regard to the interests of the Noteholders of any Class, it shall have regard to the interests of such Noteholders as a Class and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being domiciled, resident in, or otherwise connected with any particular territory and the Note Trustee shall not be entitled to require, nor may any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(i) The Note Trustee may take into account, amongst other things, for the purposes of exercising any power or trust, under or in relation to these Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders or any Class of Noteholders if each Rating Agency shall have provided written confirmation that the then current ratings of each Class of Notes rated thereby will not be qualified, downgraded or withdrawn as a result of such exercise.

(j) For the purposes of these Conditions, "**Basic Terms Modification**" means any modification of the date of maturity of the Notes or any of them, any modification which would have the effect of postponing or otherwise changing any date for payments of interest thereon, reducing or cancelling or otherwise changing the amount of principal or the rate of interest

payable in respect of the Notes or any of them, altering the priority of payment of interest and principal on the Notes or any of them or altering the Issuer Security, altering the currency of payment of the Notes, or an alteration of the definition of the Basic Terms Modification or of the majority required to effect a Basic Terms Modification or of the majority required to pass an Extraordinary Resolution. For the avoidance of doubt, Basic Terms Modification shall not include any amendment, modification or waiver of a Loan by the Master Servicer and the Special Servicer in accordance with and pursuant to the terms of the Servicing Agreement.

(k) For the purposes of these Conditions, "**Permitted Activities"** means the activities contemplated in the Transaction Documents as being undertaken by the Issuer and activities ancillary thereto including (i) the acquisition of the Loans and the Related Security, the organising of the administration thereof and the collection of monies therefrom; (ii) the issue of the Notes, the granting and maintaining of security therefor, the listing and rating thereof and the making of any Basic Terms Modifications thereto; (iii) the entering into of borrowings, including under the Liquidity Facility Agreement; (iv) the investment of collections from the Loans together with any proceeds retained by the Issuer from the issue of the Notes and any borrowings and (v) the payment of liabilities, maintenance of hedging and administrative functions required to be undertaken in respect of the Notes.

(l) Notwithstanding anything to the contrary in these Conditions:

(i) no Extraordinary Resolution shall be effective if such Extraordinary Resolution would result in a downgrade of the rating assigned to the Class X Note; and

(ii) the Noteholders are deemed to have acknowledged and agreed that the Note Trustee shall not be responsible to any person whatsoever for any delay or failure by any Rating Agency to give any rating confirmation and any delay or failure in the Extraordinary Resolution becoming effective and further are deemed to have acknowledged and agreed that, so long as any Class of Regular Notes is then outstanding the Note Trustee shall not have regard to the interests of the Class X Noteholders.

(m) For the purposes of any resolution, any Notes held by or on behalf of Lehman Brothers Holdings, Inc. or any of its Affiliates have no voting rights and are deemed not to be outstanding for the purposes of any vote on such resolution, unless Lehman Brothers Holdings, Inc. or any of its Affiliates hold 100 per cent. of the Principal Amount Outstanding of all Notes.

"**Affiliate**" means, in relation to any person, any other person who, directly or indirectly is in control of, or controlled by, or is under common control with, such person (and for the purposes of this definition, "control" of a person means the power, direct or indirect (i) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such person or (ii) to direct or cause the direction of the management and policies of such person, whether by contract or otherwise).

13. **Indemnification and Exoneration of the Note Trustee**

(a) The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified and/or secured to its satisfaction. The Note Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto being uninsured or inadequately insured or being held by or to the order of other parties to the Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Note Trustee.

(b) The Trust Deed contains provisions pursuant to which the Note Trustee or any of its related companies is entitled, *inter alia* (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) The Trust Deed relieves the Note Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge.

(d) The Note Trustee shall have no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Note Trustee shall not be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured to its satisfaction or to supervise the performance by any person of their obligations under the Transaction Documents, and the Note Trustee shall assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

(e) The Trust Deed contains provisions pursuant to which the holders of the Notes of each Class (acting by Extraordinary Resolution) shall together have the power to remove any Note Trustee acting as a trustee or trustees under the Trust Deed. In the event that the only trustee under the Trust Deed which is a Trust Corporation is removed, the Issuer shall use all reasonable endeavours to procure a new trustee being a Trust Corporation to be appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed. Any appointment of a new trustee or co-trustee under the Trust Deed shall as soon as practicable thereafter be notified by the Issuer to the Paying Agents, the Reference Banks, the Registrar, the Noteholders, the Irish Stock Exchange and by the existing trustee to the Rating Agencies, each in accordance with Condition 15 (*Notice to Noteholders*).

(f) "**Trust Corporation**" means a corporation entitled by rules made under the Public Trustee Act 1906 or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

14. **Replacement of Global Certificate and Individual Certificate**

If any Global Certificate or Individual Certificate is mutilated, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar or the Note Trustee may reasonably require. Mutilated or defaced Global Certificate or Individual Certificate must be surrendered before replacements will be issued.

15. **Notice to Noteholders**

(a) All notices, other than notices given in accordance with the next following paragraphs, to Noteholders shall be deemed to be duly given if published in a daily leading newspaper with general circulation in Ireland, which is expected to be *The Irish Times*, and *The Financial Times* or, if either of such newspapers shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Note Trustee may approve having a general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or

on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

(b) Any notice specifying a Payment Date, a Note Rate of Interest, an Interest Amount, a Principal Amount Outstanding, Applicable Principal Losses, a Principal Loss, a Note Principal Payment, an Adjusted Notional Amount Outstanding or a Pool Factor will be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen (presently page CAR2) or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee and notified to the Noteholders as described in Condition 15(a). Any such notice will be deemed to have been given on the first date on which such information appeared on the related screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 15(a).

(c) A copy of each notice given in the manner described in this Condition 15 (*Notice to Noteholders*) shall be provided at all times to the Rating Agencies or, in each case, any successor rating agency.

(d) The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and *provided* that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

(e) While the Notes are listed on the Irish Stock Exchange, copies of all notices given in accordance with this Condition shall also be sent by the Issuer to DTC, Euroclear and Clearstream, Luxembourg.

16. Subordination

Subject to Conditions 6(b) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds*), 6(c) (*Mandatory Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*), 6(e) (*Mandatory Redemption in Full - Swap Agreement*), 10 (*Events of Default*) and 11 (*Enforcement*), while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes respectively; while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, respectively; while any Class C Notes are outstanding, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class D Notes, the Class E Notes or the Class F Notes respectively; while any Class D Notes are outstanding, the Class E Noteholders and the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class E Notes or the Class F Notes respectively; and while as any of the Class E Notes are outstanding, the Class F Noteholders shall not be entitled to any repayment of principal in respect of the Class F Notes.

17. Limited Recourse and Non-Petition

Interest and principal on the Notes will be payable only from, and to the extent of, sums paid to, or net proceeds recovered by or on behalf of the Issuer or the Note Trustee in respect of the Issuer Security in accordance with the terms of the Issuer Deed of Charge and there will be no other assets of the Issuer available for any further payments and any outstanding claims shall be extinguished. The Note Trustee and the other Issuer Secured Creditors will look solely to such sums and proceeds and the rights of the Issuer in respect of the Issuer Security for payments to be made by the Issuer. The obligations of the Issuer to make such payments will be limited to such sums and the proceeds

of realisation of the Issuer Security and the Note Trustee and the other Issuer Secured Creditors will have no further recourse in respect thereof. Having exhausted the Issuer Security and having distributed the net proceeds in accordance with the terms of the Issuer Deed of Charge, none of the Note Trustee nor any other Issuer Secured Creditor may take any further steps against the Issuer to recover any sum still unpaid and the Issuer's liability for any sum still unpaid shall be extinguished.

Only the Note Trustee may pursue the remedies available under applicable law, under the Issuer Deed of Charge and under the other Transaction Documents to enforce the rights of the Issuer Secured Creditors against the Issuer and no other Issuer Secured Creditor shall be entitled to proceed directly against the Issuer, unless the Note Trustee having been bound to take steps and/or proceedings, fails to do so within a reasonable time and such failure is continuing.

None of the parties to the Transaction Documents shall be entitled to petition or take any corporate action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of an administrator, receiver, or manager, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets for so long as the Notes are outstanding or for two years and a day after all sums outstanding and owing in respect of the Notes have been paid in full, *provided* that the Note Trustee may prove or lodge a claim in liquidation of the Issuer initiated by another party and *provided, further* that the Note Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Issuer Deed of Charge.

None of the parties to the Transaction Documents shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Issuer Deed of Charge, or any other Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

18. **Privity of Contract**

No third parties will have any rights to enforce any obligation of the Issuer in respect of the Notes under the Contract (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy of a third party which exists or is available apart from such Act.

19. **Governing Law**

The Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the Notes and the other Transaction Documents will be governed by English law (except for the Swap Guarantee which will be governed by New York law, the Irish Corporate Services Agreement which will be governed by Irish Law, the Italian Issuer Deed of Pledge and the Italian Notes Issuer Pledge which will be governed by Italian law, the French Loan Pledge which will be governed by French law, the Original Swiss Loan Agreement and the Swiss Security Transfer Agreements which will be governed by Swiss law and parts of the Issuer Deed of Charge and the Master Loan Sale Agreement which will be governed by German law).

The Issuer agrees that the documents which start any legal proceedings arising out of a dispute in connection with the Transaction Documents and any other documents required to be served in relation to those proceedings may be served on it by being delivered to Wilmington Trust SP Services (London) Limited at Tower 42, International Financial Centre, 25 Old Broad Street, London, EC2N 1HQ or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985.

20. **U.S. Tax Treatment and Provision of Information**

(a) It is the intention of the Issuer, each Noteholder and beneficial owner of an interest in the Notes that the Class A Notes, Class B Notes, the Class C Notes and the Class D Notes will be indebtedness, and the Class E Notes and the Class F Notes will be equity, of the Issuer for United States federal, state and local income and franchise tax purposes and for the purposes

of any other United States federal, state and local tax imposed on or measured by income. To the extent applicable and absent a final determination to the contrary, the Issuer and each Noteholder and beneficial owner of an interest in a Note, by acceptance of a Note, agree to treat the Notes, for purposes of United States federal, state and local income or franchise taxes and any other United States federal, state and local taxes imposed on or measured by income, consistent with the intended U.S. tax treatment and to report the Notes on all applicable tax returns in a manner consistent with such treatment.

(b) For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer will, during any period in which it is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser designated by such holder or owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

ESTIMATED AVERAGE LIVES OF THE NOTES

The estimated average life of any Class of Notes refers to the average amount of time that will elapse from the date of its issuance until all sums to be applied in redemption of the original Principal Amount Outstanding of that Class of Notes are made to the related Noteholder.

The estimated life of any Class of Notes will be influenced by, among other things, the rate at which principal of the Loans is paid or otherwise collected.

The average lives of the Notes cannot be predicted because the actual rate at which Loans will be repaid or prepaid and other related factors are unknown.

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

(a) the Cut-Off Date is 15 January 2007;

(b) the Closing Date is 12 April 2007;

(c) all payments under the Notes are made in accordance with the Issuer Prinicipal Pre-Enforcement Priority of Payments (other than payments made pursuant to items (i) and (ii) of the Issuer Principal Pre-Enforcement Priority of Payments);

(d) there are no drawings under the Liquidity Facility and that there are no anticipated expenses which will require any drawings under the Liquidity Facility;

(e) all payments under the Notes are made on a timely basis;

(f) all payments pursuant to the Swap Agreements are made on a timely basis;

(g) the Issuer does not sell any Loan, any of the Swiss Unsecured Loans or any of the Italian Notes;

(h) no Loan, Swiss Unsecured Loan or any of the Italian Notes defaults, prepays (other than in accordance with (j) below), partially or fully, or is enforced and no loss arises;

(i) the relevant Borrowers do not exercise their ability to extend the Loan Maturity Date for each Loan that permits such extensions pursuant to and in accordance with the relevant Loan Agreements;

(j) with respect to the Falcon Crest Loan, the relevant Falcon Crest Properties being sold in accordance with the relevant Borrower's business plan;

(k) the Italian Notes are subscribed for by the Issuer and not disposed of thereby and the Italian Loan is purchased by the Italian Issuer;

(l) each of the Firebird Initial Capex Advance Amount, the Thunderbird Initial Capex Advance Amount, the Corvatsch Initial Capex Advance Amount, the E-Shelter Initial Capex Advance Amount and the Tour Esplanade Initial Capex Advance Amount are utilised in full by the Issuer on or before the Closing Date; and

(m) the Issuer redeems the Notes (in accordance with Condition 6(d) (*Optional Redemption in Full)*) upon the aggregate Principal Amount Outstanding of such Notes being less than 10 per cent. of their aggregate Principal Amount Outstanding as at the Closing Date.

then the approximate percentage of the initial aggregate Principal Amount Outstanding[(1)] of the Notes on each Payment Date and the approximate average lives of the Notes would be as follows:

Payment Date	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
Jul 07	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Oct 07	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%
Jan 08	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%
Apr 08	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%
Jul 08	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Oct 08	94.7%	98.0%	98.0%	98.0%	98.0%	98.0%
Jan 09	92.5%	97.1%	97.1%	97.1%	97.1%	97.1%
Apr 09	92.3%	97.1%	97.1%	97.1%	97.1%	97.1%
Jul 09	92.1%	97.1%	97.1%	97.1%	97.1%	97.1%
Oct 09	91.9%	97.1%	97.1%	97.1%	97.1%	97.1%
Jan 10	81.6%	92.1%	92.1%	92.1%	92.1%	92.1%
Apr 10	81.5%	92.1%	92.1%	92.1%	92.1%	92.1%
Jul 10	81.3%	92.1%	92.1%	92.1%	92.1%	92.1%
Oct 10	81.1%	92.1%	92.1%	92.1%	92.1%	92.1%
Jan 11	80.9%	92.1%	92.1%	92.1%	92.1%	92.1%
Apr 11	80.7%	92.1%	92.1%	92.1%	92.1%	92.1%
Jul 11	77.1%	90.4%	90.4%	90.4%	90.4%	90.4%
Oct 11	76.4%	90.1%	90.1%	90.1%	90.1%	90.1%
Jan 12	66.9%	85.1%	85.1%	85.1%	85.1%	85.1%
Apr 12	51.8%	75.9%	75.9%	75.9%	75.9%	75.9%
Jul 12	50.9%	75.4%	75.4%	75.4%	75.4%	75.4%
Oct 12	50.8%	75.4%	75.4%	75.4%	75.4%	75.4%
Jan 13	50.7%	75.4%	75.4%	75.4%	75.4%	75.4%
Apr 13	50.7%	75.4%	75.4%	75.4%	75.4%	75.4%
Jul 13	50.6%	75.4%	75.4%	75.4%	75.4%	75.4%
Oct 13	41.3%	69.0%	69.0%	69.0%	69.0%	69.0%
Jan 14	41.3%	69.0%	69.0%	69.0%	69.0%	69.0%
Apr 14	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Jul 14	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Oct 14	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Jan 15	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Apr 15	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Jul 15	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Oct 15	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Jan 16	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Apr 16	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Jul 16	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Oct 16	12.1%	37.2%	37.2%	37.2%	37.2%	37.2%
Average Life[(*)]	5.47yrs	7.01yrs	7.01yrs	7.01yrs	7.01yrs	7.01yrs
First Principal Payment Date	Jul-07	Jul-08	Jul-08	Jul-08	Jul-08	Jul-08
Last Principal Payment Date	Oct-16	Oct-16	Oct-16	Oct-16	Oct-16	Oct-16

(*) The average life of a Note (in respect of each Class of Notes) is calculated by:
(i) multiplying the amount of principal received in respect of that Class of Notes during a payment period, by the number of payment periods that have occurred since the Closing Date (the result of this multiplication in respect of each principal payment is the "**Weighted Average Amortisation Value**");
(ii) adding together all of the Weighted Average Amortisation Values for the relevant class of notes (the "**Total Weighted Average Amortisation Value**"); and
(iii) dividing the Total Weighted Average Amortisation Value by the Intial Principal Amount of the relevant class of notes.
Each quarter in relation to the principal payment period is assumed to have the same number of days.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the estimates above will prove in any way to be realistic

(1) The percentage of initial aggregate Principal Amount Outstanding of the Notes are based on the initial balance in each quarter.

and they must therefore be viewed with considerable caution. No representation is made as to whether any of the matters described in the above assumptions will or will not occur.

USE OF PROCEEDS

The net proceeds of the issue of the Regular Notes, together with the premium on the Class X Note, will be €1,497,406,803. Certain fees and expenses relating to the issue of the Notes, including a fee payable to the Co-Manager, will be paid by Lehman Brothers International (Europe). On the Closing Date, the Issuer will apply the proceeds of the issue of the Notes: (a) to purchase, in accordance with the terms of the Loan Sale Agreements, the LCPI/LBF Loans and the Bankhaus Originated Loans; (b) to advance, (after swapping a portion of the proceeds from the issuance of the Notes into Swiss Francs under the relevant Currency Swap Transaction) in accordance with the terms of the Swiss Unsecured Loan Agreements, the Swiss Unsecured Loans; (c) to deposit in the Issuer Euro Transaction Account an amount equal to the Italian Notes Subscription Amount in order to purchase the Italian Notes on the Italian Issue Date (to the extent that such date falls prior to the Payment Date falling in August 2007); thereafter, such amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments. See *"Summary – Introduction to the transaction"* and *"Risk Factors – Considerations Related to the Notes – Potential Conflicts of Interest"*.

The net proceeds of the issue of the Class X Note (less any premium amount payable on the Class X Note) will be €50,000 and will be retained in the Class X Account until mandatory redemption of the Class X Note in accordance with Condition 6 (c) (*Mandatory Redemption for Tax or Other Reasons*) and the remaining amount will be retained in the Class X Account as the Class X Investment Amount for the purpose of repaying the remaining principal amount outstanding of the Class X Note. The initial subscriber for the Class X Note will be Lehman Brothers International (Europe).

The advance of the Firebird Capex Advance on or after the Closing Date by the relevant Originator to the relevant Firebird Borrowers is conditional upon, *inter alia*, the Firebird Capex Conditions being met. The Firebird Capex Advance Amount will be retained by the Issuer in the Issuer Euro Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Firebird Capex Advance by LCPI to the applicable Firebird Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Firebird Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Firebird Capex Advance to the Issuer provided that the relevant Capex Test is met.

However, if the relevant Capex Test is not met, then such Firebird Capex Advance will remain with LBF and constitute part of the Firebird Capex B Piece pursuant to the terms of the Firebird Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase Capex Test is met, then the Issuer will be required to purchase the relevant Firebird Capex B Piece from LBF using the amounts standing to the credit of the Firebird Capex Reserve Account and thereafter the relevant Firebird Capex B Piece will form part of the Firebird Loan.

If on a Firebird Special Principal Payment Date, there are Firebird Distributable Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Firebird Special Principal Payment Date.

The advance of the Thunderbird Capex Advance on or after the Closing Date by the relevant Originator to the relevant Thunderbird Borrowers is conditional upon, *inter alia*, the Thunderbird Capex Conditions being met. The Thunderbird Capex Advance Amount will be retained by the Issuer in the Issuer Euro Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Thunderbird Capex Advance by LCPI to the applicable Thunderbird Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Thunderbird Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Thunderbird Capex Advance to the Issuer provided that the relevant Capex Test is met.

However, if the relevant Capex Test is not met, then such Thunderbird Capex Advance will remain with LBF and constitute part of the Thunderbird Capex B Piece pursuant to the terms of the Thunderbird Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant Thunderbird Capex B Piece from LBF using the amounts standing to the credit of the Thunderbird Capex Reserve Account and thereafter the relevant Thunderbird Capex B Piece will form part of the Thunderbird Loan.

If on a Thunderbird Special Principal Payment Date, there are Thunderbird Distributable Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Thunderbird Special Principal Payment Date.

The advance of amounts on or after the Closing Date by LCPI to the relevant Corvatsch Borrowers pursuant to the terms of the relevant Capex Facility is conditional upon, *inter alia*, the relevant Corvatsch Borrowers requesting drawing(s) from the Capex Facility up to, in aggregate, an amount equal to the Corvatsch Initial Capex Advance Amount.

Upon the same date as the advance of a Corvatsch Secured Capex Advance by LCPI to the applicable Corvatsch Borrower pursuant to the terms of the relevant Capex Facility and, provided that the relevant Capex Test is met, the Issuer will advance an amount equal to such Corvatsch Unsecured Capex Advance, which will represent an economic interest in the Corvatsch Secured Capex Advance, to the Swiss SPV pursuant to the terms of the Corvatsch Unsecured Loan Agreement. The Swiss SPV will in turn will pay an amount equal to such Corvatsch Secured Capex Advance to LBF pursuant to the terms of the Corvatsch Secured Loan Agreement and LBF will use this amount to purchase the then Corvatsch Secured Capex Advance from LCPI. LBF will thereafter subsequently transfer such Corvatsch Secured Capex Advance to the Swiss SPV in accordance with the terms of the Corvatsch Secured Loan Agreement.

However, if the relevant Capex Test is not met, then LBF will instead, pursuant to the terms of the Corvatsch Intercreditor Agreement, advance such Corvatsch Unsecured Capex Advance to the Swiss SPV, which will represent an economic interest in the Corvatsch Secured Capex Advance, and such Corvatsch Unsecured Capex Advance will constitute part of the then Corvatsch Capex B Piece pursuant to the terms of Corvatsch Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase such Corvatsch Capex B Piece from LBF using the amounts standing to the credit of the Corvatsch Capex Reserve Account and thereafter the relevant Corvatsch Capex B Piece will form part of the Corvatsch Capex A Piece of the Corvatsch Unsecured Loan.

If on a Corvatsch Special Principal Payment Date, there are Corvatsch Distributable Unsecured Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Corvatsch Special Principal Payment Date.

The advance of the E-Shelter Capex Advance on or after the Closing Date by the relevant Originator to the E-Shelter Borrower is conditional upon, *inter alia*, the E-Shelter Borrower requesting drawing(s) from the capex facility under the E-Shelter Loan up to, in aggregate, the E-Shelter Initial Capex Advance Amount. The E-Shelter Capex Advance Amount will be retained by the Issuer in the Issuer Euro Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of an E-Shelter Capex Advance by Bankhaus London to the applicable E-Shelter Borrower, the Issuer will pay an amount equal to such advance to purchase such E-Shelter Capex Advance from Bankhaus London provided that the relevant Capex Test is met.

However, if the relevant Capex Test is not met, then such E-Shelter Capex Advance will remain with Bankhaus London and constitute part of the E-Shelter Capex B Piece pursuant to the

terms of the E-Shelter Intercreditor Agreement. The relevant Capex Test however is to be re-tested every three months from the date of the initial Capex Advance drawing for a period of 12 months and if on any of the re-testing dates during this 12-month period the relevant Capex Test is met, then the Issuer will be required to purchase the relevant E-Shelter Capex B Piece from LBF using the amounts standing to the credit of the E-Shelter Capex Reserve Account and thereafter the relevant E-Shelter Capex B Piece will form part of the E-Shelter Loan.

If on an E-Shelter Special Principal Payment Date, there are E-Shelter Distributable Capex Advance Amounts, then such amounts will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant E-Shelter Special Principal Payment Date.

The advance of the Tour Esplanade Capex Advance on or after the Closing Date by the relevant Originator to the Tour Esplanade Borrower is conditional upon, *inter alia*, the Tour Esplanade Borrower requesting drawing(s) from the capex facility under the Tour Esplanade up to, in aggregate, the Tour Esplanade Initial Capex Advance Amount. The Tour Esplanade Capex Advance Amount will be retained by the Issuer in the Issuer Euro Transaction Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of the Tour Esplanade Capex Advance by the relevant Originator to the Tour Esplanade Borrower, the Issuer will pay the Tour Esplanade Capex Advance Amount to the relevant Originator to acquire the Tour Esplanade Capex Advance. However, if the Tour Esplanade Capex Advance is not advanced by the Tour Esplanade Special Principal Payment Date, then the Tour Esplanade Capex Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Tour Esplanade Special Principal Payment Date.

IRISH TAXATION

Introduction

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.

Taxation Of The Issuer

Corporation Tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5per cent. in relation to trading income and at the rate of 25per cent. in relation to income that is not income from a trade. However, section 110 of the Taxes Consolidation Act of 1997 of Ireland, as amended (the "**Taxes Act**") provides for special treatment in relation to "qualifying companies". A "qualifying company" means a company:

(a) which is resident in Ireland;

(b) which either acquires qualifying assets from a person, holds, manages, or both holds and manages qualifying assets as a result of an arrangement with another person, or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;

(c) which carries on in Ireland a business of holding qualifying assets or managing qualifying assets or both;

(d) which, apart from activities ancillary to that business, carries on no other activities in Ireland;

(e) which has notified an authorised officer of the Revenue Commissioners of Ireland ("**Revenue Commissioners**") in the prescribed format that it is, or intends to be, such a qualifying company; and

(f) the market value of all qualifying assets held, managed, or both held and managed by the company or the market value of qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than €10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered into (which is itself a qualifying asset),

but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arm's length apart from where that transaction is the payment of consideration for the use of principal (other than where that consideration is paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance).

A qualifying asset is a financial asset or an interest in a financial asset.

If a company is a qualifying company for the purpose of section 110 of the Taxes Act, then profits arising from its activities shall be chargeable to corporation tax under Case III of Schedule D (which is applicable to non-trading income) at a rate of 25per cent.. However, for that purpose those profits shall be computed in accordance with the provisions applicable to Case I of the Schedule (which is applicable to trading income). On this basis and on the basis that the interest on the Notes:

(a) does not represent more than a reasonable commercial return on the principal outstanding and it is not dependant on the results of the company's business, or

(b) it is not paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance, then

the interest in respect of the Notes issued will be deductible in determining the taxable profits of the company.

Stamp duty

If the Issuer is a qualifying company within the meaning of section 110 of the Taxes Act (and it is expected that the Issuer will be such a qualifying company) no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.

Taxation Of Noteholders

Income Tax

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Interest paid and discounts realised on the Notes have an Irish source and therefore interest earned and discounts realised on such Notes will be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, a non-Irish resident person in receipt of such income would be technically liable to Irish income tax (and levies if received by an individual) subject to the provisions of any applicable double tax treaty. Ireland has currently 44 double tax treaties in effect (see "*Withholding Taxes*" below) and the majority of them exempt interest (which sometimes includes discounts) from Irish tax when received by a resident of the other jurisdiction. Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate. Therefore any withholding tax suffered should be equal to and in satisfaction of the full income tax liability. (Non-Irish resident companies operating in Ireland through a branch or agency of the company in Ireland to which the income is attributable would be subject to Irish corporation tax).

There is an exemption from Irish income tax under section 198 of the Taxes Act in certain circumstances.

These circumstances include:

(a) where interest is paid by a qualifying company within the meaning of section 110 the Taxes Act to a person that is not resident in Ireland and that person is resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double tax treaty, that is in effect under the terms of that treaty;

(b) where interest is payable by a company to a person that is not resident in Ireland and that is regarded as being resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double tax treaty that is in effect, under the terms of that treaty, and the interest is exempt from withholding tax because it is payable on a quoted Eurobond (see "*Withholding Taxes*" below);

(c) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company that is resident in an EU Member State (other than

Ireland) or that is a resident of a territory with which Ireland has a double tax treaty that is in effect, under the terms of that treaty.

Interest on the Notes which does not fall within the above exemptions and discounts realised are within the charge to Irish income tax to the extent that a double tax treaty that is in effect does not exempt the interest or discount as the case may be. However, it is understood that the Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

(a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or

(b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or

(c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of Notes and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Withholding Taxes

In general, withholding tax at the rate of 20 per cent. must be deducted from payments of yearly interest that are within the charge to Irish tax, which would include those made by a company resident in Ireland for the purpose of Irish tax. However, Section 64 of the Taxes Act provides for the payment of interest in respect of quoted Eurobonds without deduction of tax in certain circumstances. A "quoted Eurobond" is defined in Section 64 of the Taxes Act as a security which:

(a) is issued by a company;

(b) is quoted on a recognised stock exchange (the Irish Stock Exchange is a recognised stock exchange for this purpose); and

(c) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland, and

(i) the quoted Eurobond is held in a recognised clearing system (Euroclear and Clearstream, Luxembourg are recognised clearing systems); or

(ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

As the Notes to be issued by the Issuer will qualify as quoted Eurobonds and as they will be held in Euroclear and Clearstream, Luxembourg, the payment of interest in respect of such Notes should be capable of being made without withholding tax, regardless of where the Noteholder is resident.

Separately, Section 246 of the Taxes Act ("**Section 246**") provides certain exemptions from this general obligation to withhold tax. Section 246 provides an exemption in respect of interest payments made by a qualifying company within the meaning of section 110 of the Taxes Act to a person resident in a relevant territory except where that person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. Also Section 246 provides an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company resident in a relevant territory except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. A relevant territory for this purpose is an E.U. Member State, other than Ireland, or not being such a Member State, a territory with which Ireland has entered into a double tax treaty that is in effect. As of the Closing Date, Ireland has entered into a double tax treaty with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Chile (signed but not yet in effect), Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, India, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States of America and Zambia. New treaties with Argentina, Egypt, Kuwait, Malta, Morocco, Tunisia, Turkey, Ukraine and Vietnam are in the course of being negotiated.

Encashment Tax

Interest on any Note which qualifies for exemption from withholding tax on interest as a quoted Eurobond (see above) realised or collected by an agent in Ireland on behalf of any Noteholder will be subject to a withholding at the standard rate of Irish income tax (currently 20 per cent.). This is unless the beneficial owner of the Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not for the purposes of Irish tax deemed, under the provisions of Irish tax legislation, to be the income of another person that is resident in Ireland.

Capital Gains Tax

A holder of a Note will not be subject to Irish taxes on capital gains provided that such holder is neither resident nor ordinarily resident in Ireland and such holder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent establishment to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponer or if the disponer's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponer's successor (primarily), or the disponer, may be liable to Irish capital acquisitions tax. The Notes, if in registered definitive form, would be regarded as property situate in Ireland if the principal register of the Notes is maintained in Ireland. Notes in bearer form would be regarded as property situate in Ireland if the Notes were ever to be physically kept or located in Ireland with a depositary or otherwise.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where that person has been resident in Ireland for the purposes of Irish tax for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

Value Added Tax

The provision of financial services is an exempt transaction for Irish Value Added Tax ("**Irish VAT**") purposes. Accordingly, in general the Issuer should not be entitled to recover Irish VAT suffered.

European Union Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a Directive 2003/48/EC on the taxation of savings income ("**Savings Tax Directive**"). Under the Savings Tax Directive Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required 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).

The Directive has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "residual entity" then that interest payment is a "deemed interest payment" of the "residual entity" for the purpose of this legislation. A "residual entity", in relation to "deemed interest payments", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "deemed interest payments".

"**Residual Entity**" means a person or undertaking established in Ireland or in another Member State or in an "associated territory" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "associated territory", or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Savings Tax Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an "associated territory" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "associated territory", apply since 1 July 2005. For the purposes of these paragraphs "associated territory" means Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Andorra, Liechtenstein, Monaco, San Marino, Switzerland, Montserrat and Turks and Caicos Islands.

UNITED STATES TAXATION

The following discussion is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding United States Federal tax penalties, and was written to support the promotion or marketing of the Notes. Each prospective investor should seek advice based on such person's particular circumstances from an independent tax advisor.

The following is a summary of certain United States federal income tax considerations applicable to original purchasers of the Notes that use the accrual method of accounting for United States federal income tax purposes and that hold the Notes as capital assets. This summary does not discuss all aspects of United States federal income taxation that might be important to particular investors in light of their individual investment circumstances, such as investors subject to special tax rules (*e.g.*, financial institutions, insurance companies, tax-exempt institutions, non-United States persons engaged in a trade or business within the United States, investors who hold Notes as part of a "straddle", "hedge" or "conversion transaction" for United States federal income tax purposes, an investor entering into "constructive purchase" or "constructive sale" transactions with respect to the Notes, an investor who owns (or is deemed to own) 10 per cent. or more of the outstanding voting stock of the Issuer, an expatriate of the United States, or persons the functional currency of which is not the United States dollar). In particular, investors not using the accrual method of accounting for United States federal income tax purposes may be subject to rules not described herein. In addition, this summary does not discuss any non-United States, state, or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), and administrative and judicial authorities, all as in effect on the date hereof and all of which are subject to change, possibly on a retroactive basis. Prospective investors should consult their own tax advisors regarding the federal, state, local, and non-United States income and other tax considerations of owning the Notes. No rulings will be sought from the United States Internal Revenue Service (the "**IRS**") with respect to the United States federal income tax consequences described below.

For purposes of this summary, a "United States holder" means a beneficial owner of a Note that is, for United States federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust described in section 7701(a)(30) (D) or (E) of the Code (taking into account effective dates, transition rules and elections in connection therewith). A "non-United States holder" means a beneficial owner of a Note that is not a United States holder.

The remainder of this discussion, except as specifically mentioned under "– *Characterisation of the Class X Note*", excludes the Class X Note from the description of the United States federal tax income treatment of the Notes.

Characterisation of the Notes

The Issuer intends to take the position that the Class A Notes, Class B Notes, Class C Notes and Class D Notes are debt for United States federal income tax purposes and intends to treat the Class E Notes and the Class F Notes as equity for United States federal income tax purposes. However, the Issuer will not obtain any rulings on the characterisation of the Notes and there can be no assurance that the IRS or the courts will agree with the position of the Issuer. Absent a final determination to the contrary, the Issuer and each Noteholder and owner, by acceptance of a Note or a Book-Entry Interest therein, agree to treat the Class A Notes, Class B Notes, Class C Notes and Class D Notes as debt, the Class E Notes and Class F Notes as equity, for purposes of United States federal, state and local income or franchise taxes and any other United States, federal, state and local taxes imposed on or measured by income and to report the Notes on all applicable tax returns in a manner consistent with such treatment. Clifford Chance US LLP ("**United States tax counsel**") is of the opinion that, although there is no governing authority addressing the classification of securities similar to the Notes, under current law, the Class A Notes, Class B Notes, Class C Notes and Class D Notes will be treated as indebtedness for United States federal income tax purposes. Unlike a tax ruling, an opinion of United States tax counsel is not binding on the IRS or the courts and no assurance can be given that the characterisation of these Notes as indebtedness would be

upheld if challenged by the IRS. If the Class A Notes, Class B Notes, Class C Notes and Class D Notes were treated as equity of the Issuer, the United States holder thereof would be subject to the treatment described below for United States holders of Class E Notes and Class F Notes. See "*Tax Treatment of Class E Notes and Class F Notes*" below. Unless otherwise indicated, the discussion in the following paragraphs assumes this characterisation of the Class A Notes, Class B Notes, Class C Notes and Class D Notes as debt is correct for United States federal income tax purposes. The following paragraphs are also based on the assumption that the Issuer will not be engaged in a trade or business within the United States to which the interest paid on the Notes is effectively connected.

Interest Income of United States Holders of Class A Notes, Class B Notes, Class C Notes and Class D Notes

In General

Interest on the Class A Notes, Class B Notes, Class C Notes and Class D Notes will be taxable to a United States holder as ordinary income at the time it is accrued.

A Note treated as debt for United States federal income tax purposes is considered issued with original issue discount ("**OID**") for United States federal income tax purposes if its "stated redemption price at maturity" exceeds its "issue price" (*i.e.*, the price at which a substantial portion of the respective class of Notes is first sold (not including sales to the Manager)) by an amount equal to or greater than 0.25 per cent. of such Note's stated redemption price at maturity multiplied by such Note's weighted average maturity ("**WAM**"). In general, a Note's "stated redemption price at maturity" is the sum of all payments to be made on the Note other than payments of "qualified stated interest." The WAM of a Note is computed based on the number of full years each distribution of principal (or other amount included in the stated redemption price at maturity) is scheduled to be outstanding. The schedule of such likely distributions should be determined in accordance with the assumed rate of prepayment (the "**Prepayment Assumption**") used in pricing the Notes.

In general, interest on the Notes treated as debt for United States federal income tax purposes will constitute "qualified stated interest" only if such interest is "unconditionally payable" at least annually at a single fixed or qualifying variable rate (or permitted combination of the foregoing) within the meaning of applicable United States Treasury Regulations. Interest will be considered "unconditionally payable" for these purposes if legal remedies exist to compel timely payment of such interest or if the Notes contain terms and conditions that make the likelihood of late payment or non-payment "remote." Because the "Terms and Conditions of the Notes" provide that a holder cannot compel the timely payment of any interest accrued in respect of the Notes (other than the Class A Notes) the Issuer intends to take the position that interest payments on the Class B Notes, Class C Notes and Class D Notes, other than the Class A Notes, do not constitute "qualified stated interest" and, as a result treat such Notes as having OID.

A United States holder of any class of Notes issued with OID generally will be required to accrue OID on the Note into income for United States federal income tax purposes for each day on which the United States holder holds such instrument. Special rules applicable to debt instruments such as the Notes as to which the repayment of principal may be accelerated as a result of the prepayment of other obligations securing the debt instruments provide that the periodic inclusion of OID is determined by taking into account the prepayment assumption used in pricing the debt instrument and actual prepayment experience. Under these rules, the OID accruing in any accrual period will likely equal the amount by which (a) the sum of (i) the present value of all remaining distributions, if any, to be made on the Note as of the end of the accrual period plus (ii) the payments made during such period included in the Note's stated redemption price at maturity, exceeds (b) the "adjusted issue price" of the Note as of the beginning of such period. The present value of the remaining distributions to be made on a Note is calculated based on (x) a discount rate equal to the original yield to maturity of such instrument based on its issue price and the value of EURIBOR on the Closing Date, (y) events (including actual prepayments) that have occurred prior to the end of the period and (z) the Prepayment Assumption. Differences between the assumed EURIBOR rate and the actual value in any accrual period will be taken into account as a current increase (or decrease) in income with respect to that accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period generally is the sum of the issue price of the Note and the amount of OID

previously accrued on the Note, less the amount of any payments (other than payments of qualified stated interest) made in all prior accrual periods. The OID accruing in any period generally will increase if prepayments on the Loans exceeds the Prepayment Assumption and decrease if prepayments are slower than the Prepayment Assumption. The OID accruing during any accrual period will be rateably allocated to each day during such period to determine the daily portion of OID.

The Issuer intends to take the position and the foregoing decision assumes, that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will not be treated as "contingent payment debt obligations" for purposes of calculating OID. However, it is possible that the IRS could take a contrary view with respect to such Notes (other than the Class A Notes), which, if successful, could result in among other consequences, gain recognised on a sale or disposition of such Notes being characterised as ordinary income, instead of capital gain, for United States federal income tax purposes.

Sourcing

Interest on a Note will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations a United States holder will generally be entitled to a credit against its United States federal income tax liability, or a deduction in computing its United States federal taxable income, for any United Kingdom withholding tax withheld by the Issuer. Each United States holder should consult its own tax advisors as to how it would be required to treat the income for purposes of its particular United States foreign tax credit calculation.

Foreign Currency Considerations

A United States holder that receives a payment of interest in euro with respect to the Notes will be required to include in income the United States dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to the Notes during an accrual period. The United States dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. In addition, such United States holder will recognise additional exchange gain or loss, treated as ordinary income or loss, with respect to accrued interest income on the date such income is actually received or the applicable Note is disposed of. The amount of ordinary income or loss recognised will equal the difference between (i) the United States dollar value of the euro payment received (determined at the spot rate on the date such payment is received or the applicable Note is disposed of) in respect of such accrual period and (ii) the United States dollar value of interest income that has accrued during such accrual period (determined at the average rate as described above). Alternatively, a United States holder may elect to translate interest income into United States dollars at the spot rate on the last day of the Interest Period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the Interest Period is within five Business Days of the date of receipt, the spot rate on the date of receipt. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Disposition of Class A Notes, Class B Notes, Class C Notes and Class D Notes by United States Holders

In General

Upon the sale, exchange or retirement of a Class A Note, Class B Note, Class C Note or a Class D Note, a United States holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the United States holder's adjusted tax basis in the Note. For these purposes, the amount realised does not include any amount attributable to accrued interest on the Note (which will be treated as interest as described under "*Interest Income of United States Holders of Class A Notes, Class B Notes, Class C Notes and Class D Notes*" above). A United States holder's adjusted tax basis in a Class A Note, Class B Note, Class C Note or Class D Note generally will equal the cost of the Note to the United States holder, decreased by any payments (other than payments of qualified stated interest) received on the Note (and increased in the case of a Note deemed to bear OID by any accrued OID).

In general, except as described below, gain or loss realised on the sale, exchange or redemption of a Class A Note, Class B Note, Class C Note or a Class D Note will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in a Class A Note, Class B Note, Class C Note or a Class D Note and the amount of any subsequent adjustment to such United States holder's tax basis, will be the United States dollar value of the euro amount paid for such Note, or of the euro amount of the adjustment, determined at the spot rate on the date of such purchase or adjustment. A United States holder that purchases a Class A Note, Class B Note, Class C Note or a Class D Note with previously owned euro will recognise ordinary income or loss in an amount equal to the difference, if any, between such United States holder's tax basis in the euro and the United States dollar value of the euro on the date of purchase.

Gain or loss realised upon the receipt of a principal payment on, or the sale, exchange or retirement of, Class A Note, Class B Note, Class C Note or a Class D Note that is attributable to fluctuations in currency exchange rates will be treated as ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the United States dollar value of the applicable euro principal amount of such Note, and any payment with respect to accrued interest, translated at the spot rate on the date such payment is received or such Note is disposed of, and (ii) the United States dollar value of the applicable euro principal amount of such Note, on the date such holder acquired such Note, and the United States dollar amounts previously included in income in respect of the accrued interest received at the spot rate on that day. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a United States holder on the sale, exchange or retirement of the Note. The source of such euro gain or loss will be determined by reference to the residence of the United States holder or the qualified business unit of the United States holder on whose books the Note is properly reflected.

A United States holder will have a tax basis in any euro received on the receipt of principal on, or the sale, exchange or retirement of, Class A Note, Class B Note, Class C Note or a Class D Note equal to the United States dollar value of such euro, determined at the time of such receipt, sale, exchange or retirement. Any gain or loss realised by a United States holder on a subsequent sale or other disposition of euro (including its exchange for United States dollars) will generally be ordinary income or loss.

Realised Losses

It is likely that the Notes will be treated as a "security" as defined in section 165(g)(2) of the Code. Accordingly, any loss with respect to the Notes as a result of one or more realised losses on the Loans will be treated as a loss from the sale or exchange of a capital asset at that time. In addition, no loss will be permitted to be recognised until the Notes are wholly worthless.

Each United States holder will be required to accrue interest and any OID with respect to a Note without giving effect to any reductions attributable to defaults on the assumption that no defaults or delinquencies occur with respect to the Loans until it can be established that those payment reductions will not be received. Accordingly, particularly with respect to the more subordinated Notes treated as debt for United States federal income tax purposes, the amount of taxable income reported during the early years of the term of such Notes may exceed the economic income actually realised by the holder during that period. Although the United States holder of a Note treated as debt for United States federal income tax purposes would eventually recognise a loss or reduction in income attributable to the previously accrued income that is ultimately not received as a result of such defaults, the law is unclear with respect to the timing and character of such loss or reduction in income. Moreover, in these circumstances, the present value of the tax detriment associated with the inclusion of such income early in the term of the Notes treated as debt for United States federal income tax purposes would generally exceed the present value of the subsequent tax benefit associated with such eventual loss or reduction in income, assuming no changes in prevailing tax rates.

Tax Treatment of Class E Notes and Class F Notes

In General

Although in the form of debt, a strong likelihood exists that the Class E Notes and the Class F Notes will be equity for United States federal income tax purposes. The Issuer intends to treat t the Class E Notes and the Class F Notes as equity for United States federal income tax purposes, and each Noteholder and beneficial owner of an interest in the Class E Notes and the Class F Notes, by acceptance of such Notes, agrees to treat such Notes as equity for United States federal income tax purposes. The following discussion sets forth the United States federal income tax treatment of the Class E Notes and the Class F Notes as equity interests in the Issuer for United States federal income tax purposes.

A United States holder of a Class E Notes or a Class F Note will be required to include in income (with no dividends received deduction available to corporate United States holders) payments of "interest" as dividends to the extent of current or accumulated earnings and profits of the Issuer, as determined for United States federal income tax purposes. "Dividend" payments on the Class E Notes and the Class F Notes, in excess of current or accumulated earnings and profits of the Issuer, generally would reduce the United States holder's tax basis in the Note and, to the extent the aggregate amount of dividends exceeded the United States holder's basis, such excess would generally constitute capital gain. "Dividend" income derived by a United States holder with respect to a Class E Note or a Class F Note generally would constitute foreign source income. Each United States holder should consult its own tax advisors as to how it would be required to treat this income for purposes of its particular United States foreign tax credit calculation.

Classification of Issuer as Passive Foreign Investment Company

The Issuer will likely be treated as a passive foreign investment company ("**PFIC**") for United States federal income tax purposes. As a result, a United States holder of the Class E Notes and the Class F Notes will be subject to potentially adverse United States federal income tax consequences as the holder of an equity interest in the Issuer. A United States holder of an equity interest in a PFIC that receives an "excess distribution" must allocate the excess distribution rateably to each day in the holder's holding period for the stock and will be subject to a "deferred tax amount" with respect to each prior year in the holding period. The total excess distribution for any taxable year is the excess of (a) the total distributions for the taxable year over (b) 125 per cent. of the average amount received in respect of such equity interest by the United States holder during the three preceding taxable years. In addition, any gain recognised on the sale, retirement or other taxable disposition of such Notes would be recharacterised as ordinary income and would further be treated as having been recognised *pro rata* over such United States holder's entire holding period. The amount of gain treated as having been recognised in prior taxable years would be subject to tax at the highest tax rate in effect for such years, with interest thereon calculated by reference to the interest rate generally applicable to underpayments with respect to tax liabilities from such prior taxable years. Moreover, a transfer by gift or a pledge of the Class E Notes and the Class F Notes

could cause a United States holder to recognise taxable income. Also, an individual United States holder of the Class E Notes and the Class F Notes will not get a step up in tax basis to the fair market value of such Note upon the holder's death.

Although United States shareholders of a PFIC can mitigate any adverse tax consequences of the PFIC rules by filing an election to treat the PFIC as a qualified electing fund ("**QEF**") if the PFIC complies with certain reporting requirements, the Issuer does not intend to comply with such reporting requirements necessary to permit United States holders to elect to treat the Issuer as a QEF. In addition, the Issuer intends to treat its interest in the Italian Notes and its interest in the Swiss Unsecured Loans as equity interests in a PFIC. The Italian Issuer and the Swiss SPV do not intend to comply with the reporting requirements necessary to permit United States holders to elect to that the Italian Issuer and the Swiss SPV as QEFs. Each United States holder of a Class E Note or a Class F Note should consult its tax advisors as to the tax consequences of holding a direct interest in a PFIC and an indirect interest in a PFIC.

A United States holder that holds "marketable stock" in a PFIC may also avoid certain unfavourable consequences of the PFIC rules by electing to mark to market the Class E Notes and the Class F Notes as of the close of each taxable year. A United States holder that made the mark-to-market election would be required to include in income each year as ordinary income an amount equal to the excess, if any, of the fair market value of the Class E Notes and the Class F Notes at the close of the year over the United States holder's adjusted tax basis in the Class E Notes and the Class F Notes. For this purpose, a United States holder's adjusted tax basis generally would be the United States holder's cost for the Class E Notes and the Class F Notes, increased by the amount previously included in the United States holder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the United States holder as a deduction pursuant to such election (as described below). If, at the close of the year, the United States holder's adjusted tax basis exceeded the fair market value of the Class E Notes and the Class F Notes, then the United States holder would be allowed to deduct any such excess from ordinary income, but only to the extent of net mark-to-market gains on such the Class E Notes or Class F Notes previously included in income. Any gain from the actual sale of the Class E Notes and the Class F Notes would be treated as ordinary income and, to the extent of net mark-to-market gains previously included in income, any loss would be treated as ordinary loss. The Class E Notes and the Class F Notes would be considered "marketable stock" in a PFIC for these purposes only if they were regularly traded on an exchange which the IRS determines has rules adequate for these purposes. Application has been made to the Official List of the Irish Stock Exchange for listing of the Notes. However, there can be no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange, that they will be "regularly traded" or that such exchange would be considered a qualified exchange for these purposes.

Depending on the percentage of deemed equity interests of the Issuer held by United States holders, it is possible that the Issuer might be treated as a "controlled foreign corporation" for United States federal income tax purposes. In such event, United States holders that own a certain percentage of the Class E Notes and the Class F Notes might be required to include in income their *pro rata* shares of the earnings and profits of the Issuer, and generally would not be subject to the rules described above relating to PFICs. Prospective investors should consult with their tax advisors concerning the potential effect of the controlled foreign corporation provisions.

Characterisation of the Class X Note

The United States federal income tax treatment of the Class X Note is substantially uncertain. The Issuer intends to treat the Class X Note as indebtedness for United States federal income tax purposes, however, there can be no assurance that the IRS will concur with such treatment. Possible alternative characterisations of the Class X Note would include treating such notes as notional principal contracts or as equity interests in the Issuer. Such alternative characterisations could affect the timing and/or character of any income or losses attributable to the Class X Note. Absent a final determination to the contrary, the Issuer and each Noteholder and beneficial owner, by acceptance of a Note or a Book-Entry Interest therein, agree to treat the Class X Note as debt for purposes of United States federal, state and local income or franchise taxes and any other United States, federal, state or local taxes imposed on or measured by income and to report the Class X Note on all

applicable tax returns in a manner consistent with such treatment. The remainder of this discussion assumes the Class X Note are properly treated as indebtedness for United States federal income tax purposes.

The Class X Note would be considered to be issued with OID equal to the excess of the "stated redemption price at maturity" over the "issue price". The stated redemption price at maturity of the Class X Note for purposes of calculating OID equal the sum of all distributions expected to be made thereunder. The issue price equals the price at which a substantial portion of the Class X Note are sold. Prospective investors in the Class X Note should consult with their tax advisors concerning the possible tax implications of an investment in the Class X Note.

Reportable Transactions

United States Treasury regulations require a United States taxpayer that participates in a "reportable transaction" to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A United States holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S. $50,000 in a single taxable year if the United States holder is an individual or trust, or higher amounts for other non-individual United States holders. In the event the acquisition, holding or disposition of the Notes constitutes participation in a reportable transaction for purposes of these rules, a United States holder may be required to disclose its investment by filing Form 8886 with the IRS. Legislation imposes significant penalties for failure to comply with these disclosure requirements. In addition, the Issuer and its advisers may be required to maintain a list of United States holders, and to furnish this list and certain other information to the IRS upon written request. **Investors should consult their own tax advisors concerning any possible disclosure obligation with respect to their investment and should be aware that the Issuer and other participants in the transaction intend to comply with the disclosure and maintenance requirements under the Tax Shelter Regulations as they determine apply to them with respect to this transaction.**

Transfer Reporting Requirements

The Treasury Department has issued regulations with regard to reporting requirements relating to the transfer of property (including certain transfers of cash) to a foreign corporation by United States persons or entities. In general, these rules require United States holders who acquire the Class E Notes and the Class F Notes (or other classes of Notes that are characterised in whole or in part as equity of the Issuer) to file a Form 926 with the IRS and to supply certain additional information to the IRS. In the event a United States holder fails to file any such required form, the United States holder may be subject to a penalty equal to 10 per cent. of the fair market value of the Notes as of the date of purchase (up to a maximum penalty of $100,000). In addition, if (i) U.S. holders acquired the Class E Notes and the Class F Notes (or Notes that were recharacterised as equity of the Issuer) and (ii) the Issuer were treated as a "controlled foreign corporation" for United States federal income tax purposes, certain of those United States holders would generally be subject to additional information reporting requirements (*e.g.*, certain United States holders would be required to file a Form 5471). Prospective investors should consult with their tax advisors concerning the additional information reporting requirements with respect to holding equity interest in foreign corporations.

Non-United States Holders

Interest paid (or accrued) to a non-United States holder will generally not be subject to U.S. withholding tax.

If the interest, gain or income on a Note held by a non-United States holder is effectively connected with the conduct of a trade or business in the United States, the holder may be subject to United States federal income tax on the interest, gain or income at regular income tax rates.

Any capital gain realised on the sale, exchange or retirement of a Note by a non-United States holder will be exempt from United States federal income and withholding tax *provided* that (i) such gain is not attributable to an office or other fixed place of business the non-United States

holder maintains in the United States and (ii) in the case of a non-United States holder who is a natural person, the non-United States holder is not present in the United States for 183 days or more in the taxable year and certain other conditions are met.

Backup Withholding and Information Reporting

Information reporting to the IRS generally will be required with respect to payments of principal or interest (including any OID) or to distributions on the Notes and to proceeds of the sale of the Notes that, in each case, are paid by a United States payor or intermediary to United States holders other than corporations and other exempt recipients. A "backup" withholding tax (at a current rate of 28 per cent.) will apply to those payments if such United States holder fails to provide certain identifying information (including such holder's taxpayer identification number) to such payor, intermediary or other withholding agent or such holder is notified by the IRS that it is subject to backup withholding. Non-United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding tax is not an additional tax and generally may be credited against a holder's United States federal income tax liability *provided* that such holder provides the necessary information to the IRS.

ERISA AND CERTAIN OTHER U.S. CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as "**ERISA Plans**"), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. Section 4975 of the Code also imposes certain requirements on ERISA Plans and on other retirement plans, accounts and arrangements, including individual retirement accounts (such ERISA Plans and other plans and arrangements are hereinafter referred to as "**Plans**"). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), generally are not subject to the requirements of ERISA. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA prohibited transaction considerations described below, subject to the provisions of other applicable federal, state and local laws.

Section 406 of ERISA and Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plans (collectively, "**Parties in Interest**"). The types of transactions between Plans and Parties in Interest that are prohibited include but are not limited to: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Each ERISA Plan fiduciary should determine whether any non-exempt prohibited transactions or other violations of ERISA or the Code may arise, in connection with the acquisition and holding of any Class A Notes, Class X Note, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or any interests therein.

Certain transactions involving the purchase, holding or transfer of the Notes or any interest therein might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Plan. Under regulations issued by the United States Department of Labor, set forth in 29 C.F.R. § 2510.3-101, as modified by ERISA (the "**Plan Asset Regulations**"), the assets of the Issuer would be treated as plan assets of a Plan for the purposes of ERISA and Section 4975 of the Code if the Plan acquires an equity interest in the Issuer and none of the exceptions contained in the Plan Asset Regulations is applicable. If the underlying assets of the Issuer are deemed to be ERISA Plan assets, the obligations and other responsibilities of ERISA Plan sponsors, ERISA Plan fiduciaries and ERISA Plan administrators, and of "parties in interest" and "disqualified persons" (as defined under ERISA and the Code), under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies). In addition, various providers of fiduciary or other services to the Issuer, and any other parties with authority or control with respect to the Issuer, could be deemed to be ERISA Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services.

An equity interest is defined under the Plan Asset Regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. The Issuer will proceed on the basis that the Class A Notes, Class B Notes, Class C Notes and Class D Notes are treated as indebtedness under local law without any substantial equity features for purposes of the Plan Asset Regulations. No assurances are given as to such characterisation of the Class A Notes, Class B Notes, Class C Notes and Class D Notes or as to whether the assets of the Issuer would be deemed to be the assets of Plans that become holders of Class A Notes, Class B Notes, Class C Notes, Class D Notes, or of any interests in such Notes. However, the Class E Notes, the Class F Notes the Class X Note may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class E Notes, Class F Notes and

Class X Note (including any interests in any Class X Note) may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code.

However, without regard to whether the Class A Notes, Class X Note, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes are treated as an equity interest for such purposes, the acquisition or holding of the Class A Notes, Class X Note, Class B Notes, Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (or any interests in any such Notes) by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA or Section 4975 of the Code if the Issuer, the Originators, the Managers, the Note Trustee or any of their respective affiliates is or becomes a Party in Interest with respect to such Plan. However, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the fiduciary making the decision to acquire any Notes (the "**Exemption**s").

Nevertheless, even if an Exemption applies, a Plan generally should not purchase the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes or any interests in any such Notes if the Issuer, an Originator, the Managers, the Note Trustee, Master Servicer, the Special Servicer the Paying Agents, the Cash Manager, the Issuer Account Bank, the Agent Bank, the Exchange Agent, a Security Agent, the Registrar, the Currency Swap Provider, the Interest Rate Swap Providers, the Liquidity Facility Provider, the Irish Corporate Services Provider or any of their respective affiliates either (a) has investment discretion with respect to the investment of assets of such Plan; (b) has authority or responsibility to give or regularly gives investment advice with respect to assets of such Plan, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

The sale of any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes or any interests in such Notes to a Plan is in no respect a representation by the Issuer, the Originators, the Manager or the Note Trustee that such an investment meets all related legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Each purchaser of a Class A Note, a Class B Note, a Class C Note, or a Class D Note, (or interest therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and for so long as it holds this Note (or interest therein) it will not be, a Plan or a governmental or other employee benefit plan which is subject to Similar Law, or (ii) its purchase and holding of a Class A Note, a Class B Note, a Class C Note, or a Class D Note, (or interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental or other employee benefit plan, would result in a violation of any Similar Law (as defined below)) for which an exemption is not available. Each purchaser of a Class E Note, Class F Note or a a Class X Note (or any interest therein) will be deemed to have represented, warranted and agreed that the purchaser is not, and for so long as it holds a Class E Note, Class F Note or a Class X Note or any interest therein will not be, a Plan. Further, employee benefit plans which are not Plans may be subject to U.S. federal, state or local laws (i.e. governmental plans) that are substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), and, if the purchaser is or may become a governmental or other employee benefit plan which is not a Plan, it will be deemed to have represented and warranted that its purchase and holding of any Notes, or any interests therein, will not violate any such similar law.

PRIOR TO MAKING AN INVESTMENT IN NOTES, PROSPECTIVE INVESTORS INCLUDING EMPLOYEE BENEFIT PLAN INVESTORS (WHETHER OR NOT SUBJECT TO ERISA OR SECTION 4975 OF THE CODE) SHOULD CONSULT WITH THEIR LEGAL AND OTHER ADVISORS CONCERNING THE IMPACT OF ERISA AND THE CODE (AND, PARTICULARLY IN THE CASE OF NON-ERISA PLANS AND ARRANGEMENTS, ANY ADDITIONAL U.S. STATE OR LOCAL LAW AND NON-U.S. LAW CONSIDERATIONS).

SUBSCRIPTION AND SALE

Lehman Brothers International (Europe) (the "**Lead Manager**") and ABN AMRO Bank N.V., London Branch and Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja (together, the "**Managers**") have, pursuant to the terms of a subscription agreement dated 5 April 2007 (the "**Subscription Agreement**") between the Issuer, the Originators and the Managers, jointly and severally agreed to subscribe and pay for:

(a) the Class A Notes at the issue price of 100 per cent. of their initial principal amount;

(b) the Class B Notes at the issue price of 100 per cent. of their initial principal amount;

(c) the Class C Notes at the issue price of 100 per cent. of their initial principal amount;

(d) the Class D Notes at the issue price of 100 per cent. of their initial principal amount;

(e) the Class E Notes at the issue price of 100 per cent. of their initial principal amount;

(f) the Class F Notes at the issue price of 100 per cent. of their initial principal amount; and

on the terms and conditions set out therein.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

Lehman Brothers International (Europe) is lead manager in respect of the issue of the Notes. The ultimate holding company of Lehman Brothers International (Europe) is Lehman Brothers Holdings Inc.

France

Each Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly, or indirectly, the Notes to the public in France and that offers and sales of the Notes in France will be made only to (i) providers of investment services relating to portfolio management for the account of third parties (*services d'investissement de gestion de portefeuille pour compt de tiers*), and/or (ii) qualified investors (*investisseurs qualifies*), as defined in Articles L.411-2 and D.411-1 to D.411-3 of the French *Code Monétaire et financier*, but excluding individuals referred to in article D.411-1-II-2º of the French *Code monétaire et financier*.

In addition, each Manager has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Prospectus or any other offering material relating to the Notes other than to investors to whom offers and sales of the Notes in France may be made as described above.

United States of America

The Notes have not been and are not expected to be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States.

The Notes are being offered and sold (1) within the United States in reliance on Rule 144A under the Securities Act ("**Rule 144A**") only to persons that are "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A, in each case acting for their own account or for the account of another QIB, and (2) outside of the United States to non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), in an offshore transaction in reliance on Regulation S. For a more complete description of restrictions on offers and sales, see "*Transfer Restrictions*".

The Notes may not be reoffered, resold, pledged, exchanged or otherwise transferred except in transactions exempt from or not subject to the registration requirements of, the Securities Act and any other applicable securities laws. By its purchase of the Notes, each purchaser will be deemed to have (1) represented and warranted that (i) it is a QIB, acting for its own account or for the account of another QIB, or (ii) it is a non-U.S. person located outside of the United States, and (2) agreed that it will only resell or otherwise transfer such Notes in accordance with the applicable restrictions set forth herein. See "*Transfer Restrictions*".

The offering price will be the same for both the Notes sold within the United States to U.S. persons that are QIBs in reliance on Rule 144A and outside the United States to non-U.S. persons in reliance on Regulation S. The Regulation S Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof and, in the case of Class X Note, in minimum denominations of €50,000. The Rule 144A Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof and, in the case of Class X Note, in minimum denominations of €50,000. Any offer or sale of Rule 144A Notes in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act.

Each of the Managers has acknowledged and agreed that it will not offer, sell or deliver (i) any Regulation S Notes to, or for the account or benefit of, any U.S. Person as part of their distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Regulation S Notes a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes within the United States or to, or for the account on benefit of, any U.S. Person and (ii) any Rule 144A Note to, or for the account or benefit of, any person who is not a QIB as part of their distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Rule 144A Notes a confirmation or other notice setting forth the prohibition on offers and sales of the Rule 144A Notes to any person that is not a QIB.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes and for the listing of the Notes on the Irish Stock Exchange. The Issuer and the Managers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Prospectus does not constitute an offer to any person in the United States or to any U.S. Person. Distribution of this Prospectus to any such U.S. Person or to any person within the United States, other than in accordance with the procedures described above is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

United Kingdom

Each of the Managers has represented to and agreed with the Issuer, amongst other things, that:

(a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Ireland

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell any Notes other than pursuant to a "prospectus" approved and filed with the Financial Regulator in Ireland (or any delegated Competent Authority (as defined in the Prospectus Regulations)) pursuant to the Prospectus Regulations and Irish Prospectus law (as such term is defined under Irish statute; and

(b) to the extent applicable it has complied with and will comply with all applicable provisions of the Irish Companies Acts 1963 to 2005 and every other enactment that is to be read together with these Acts (as amended) and the Investment Intermediaries Act, 1995 (as amended) including, without limitation, Sections 9 and 50, and will conduct itself in accordance with any codes of conduct drawn up pursuant to Section 37 thereof or, in the case of a credit institution exercising its rights under the Banking Consolidation Directive (2000/12/EC of 20 March 2000), in conformity with the codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989, of Ireland, as amended, with respect to anything done by it in relation to the Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented to and agreed with the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (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 its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

Other than the approval by the Financial Regulator in Ireland of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive and implementing measures in Ireland and an application for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market and the filing of the Prospectus with the Companies Registration Office in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers have undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Rule 144A Notes

Each prospective purchaser of Rule 144A Notes, by accepting delivery of this Prospectus, will be deemed to have represented and agreed that such person acknowledges that this Prospectus is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A ("**Rule 144A**") under the Securities Act or in offshore transactions in accordance with Regulation S under the Securities Act. Distribution of this Prospectus, or disclosure of any of its contents to any person other than such offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser or transferee of Notes represented by a Rule 144A Global Note (or beneficial interest therein) will be deemed to have represented, warranted, acknowledged and agreed that:

(1) it and each person for which it is acting (a) is a qualified institutional buyer ("**QIB**") within the meaning of Rule 144A, (b) is aware that the sale of such Rule 144A Notes (or beneficial interests therein) to it is being made in reliance on Rule 144A, (c) is acquiring such Notes (or beneficial interests therein) for its own account or for the account of a QIB, (d) will hold and transfer such Notes in at least a minimum principal amount of €100,000 (or in the case of Class X Note, in minimum denominations of €50,000) and (e) will provide notice of the transfer restrictions described in this section "*Transfer Restrictions*" to any subsequent transferees.

(2) The purchaser understands that such Rule 144A Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (a)(i) to a person that is a QIB purchasing for its own account or for the account of another QIB in a transaction meeting the requirements of Rule 144A or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Notes, the Registrar is required to receive a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph (2) and paragraph (3) shall be null and void *ab initio*.

(3) The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.

(4) In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent is acting as a fiduciary or financial or investment advisor for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent other than in this Prospectus and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Managers or any of their respective affiliates, the Note Trustee or a Security Agent has given to the purchaser

(directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Rule 144A Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Rule 144A Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.

(5) (a) With respect to the Class A Notes, the Class B Notes, the Class C Notes, or the Class D Notes (or any interest therein), either (A) the purchaser is not and for so long as such Notes (or any interest therein) are held will not be an "employee benefit plan" that is subject to Title I of ERISA or a "plan" subject to Section 4975 of the Code or any entity whose underlying assets include (or are deemed for the purposes of ERISA or Section 4975 to include) "plan assets" by reason of such plan investment in the entity, or a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**") or (B) the purchase, holding and subsequent disposition of such Class A Note, Class B Note, Class C Note or Class D Note or any interest therein, as applicable, is and will be exempt from the prohibited transaction rules of ERISA and Section 4975 of the Code (or in the case of any such other employee benefit plan, is not in violation of any such substantially Similar Law). Any purported transfer of a Note (or any interest therein) to a purchaser that does not comply with the requirements of this paragraph (5)(a) will be of no force and effect, will be void *ab initio* and the Issuer will have the right to direct the purchaser to transfer its Notes (or any interest therein), as applicable, to a Person who meets the foregoing criteria. With respect to the Class E Notes, the Class F Notes or the Class X Notes (or any interest therein), each purchaser and subsequent transferee of an interest in such Note, shall be deemed to represent, warrant and agree that: (i) it is not (and is not deemed for the purposes of ERISA or Section 4975 of the Code to be) and for so long as it holds a Class E Note, Class F Note or Class X Note, will not be (or be deemed for such purposes to be) an "employee benefit plan" subject to Title I of ERISA or a "plan" as defined in Section 4975 of the Code, or any entity whose underlying assets include (or are deemed for purposes of ERISA or Section 4975 to include) "plan assets" by reason of such plan investment in the entity, and (ii)(1) it is not and for so long as it holds such Note will not be an employee benefit plan which is subject to any federal, state or local law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code, or (2) the purchase and holding of such Note does not and will not violate any such substantially Similar Law. Any purported transfer of a Note (or any interest therein) to a purchaser that does not comply with the requirements of this paragraph (5)(a) will be of no force and effect, will be void *ab initio* and the Issuer will have the right to direct the purchaser to transfer its Class E Notes, Class F Notes or Class X Note (or any interest therein), as applicable, to a Person who meets the foregoing criteria.

(b) The purchaser acknowledges that the Issuer, the Registrar, the Note Trustee, the Lead Manager and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(6) The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Global Certificates offered in reliance on Rule 144A will bear the legend set forth below, and will be represented by one or more Rule 144A Global Certificates. The Rule 144A Global Certificates may not at any time be held by or on behalf of U.S. persons that are not QIBs. Before any interest in a Rule 144A Global Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Certificate, the transferor and/or transferee, as applicable,

will be required to provide the Trustee with a written certification substantially in the form set out in the Trust Deed.

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). THIS NOTE (AND ANY BENEFICIAL INTEREST THEREIN) MAY NOT BE REOFFERED, RESOLD, PLEDGED, EXCHANGED OR OTHERWISE TRANSFERRED IN VIOLATION OF THE SECURITIES ACT OR ANY OTHER APPLICABLE SECURITIES LAWS.

EACH PERSON WHO PURCHASES OR OTHERWISE ACQUIRES THIS NOTE (OR A BENEFICIAL INTEREST THEREIN) BY PURCHASING SUCH INTEREST IS DEEMED TO REPRESENT, WARRANT, ACKNOWLEDGE AND AGREE FOR THE BENEFIT OF THE ISSUER AND THE TRUSTEE THAT IT, AND EACH PERSON FOR WHICH IT IS ACTING, WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND EXCEPT: (1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND IN A MINIMUM PRINCIPAL AMOUNT OF €100,000 (OR IN THE CASE OF CLASS X NOTE, IN MINIMUM DENOMINATIONS OF €50,000) OR (2) TO A NON-US PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

EACH PERSON WHO PURCHASES OR OTHERWISE ACQUIRES THIS NOTE (OR A BENEFICIAL INTEREST THEREIN) IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S, BY PURCHASING SUCH INTEREST IS ALSO DEEMED TO REPRESENT, WARRANT, ACKNOWLEDGE AND AGREE FOR THE BENEFIT OF THE ISSUER AND THE TRUSTEE THAT IT, AND EACH PERSON FOR WHICH IT IS ACTING, (i) IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND (ii) IS LOCATED OUTSIDE OF THE UNITED STATES.

ANY RESALE OR OTHER TRANSFER OF THIS NOTE (OR BENEFICIAL INTEREST THEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

FOR RULE 144A GLOBAL CERTIFICATES: UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

FOR REGULATION S GLOBAL CERTIFICATES: ANY TRANSFER, PLEDGE OR OTHER USE OF THIS NOTE FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, HSBC ISSUER SERVICES COMMON DEPOSITARY NOMINEE (UK) LIMITED, HAS AN INTEREST HEREIN, UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR BANK S.A./N.V., AS OPERATOR OF THE EUROCLEAR SYSTEM ("**EUROCLEAR**") AND

CLEARSTREAM BANKING, SOCIÉTÉ ANONYME ("**CLEARSTREAM LUXEMBOURG**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OR TRANSFER, EXCHANGE OR PAYMENT AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF HSBC ISSUER SERVICES COMMON DEPOSITARY NOMINEE (UK) LIMITED OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (AND ANY PAYMENT HEREIN IS MADE TO HSBC ISSUER SERVICES COMMON DEPOSITARY NOMINEE (UK) LIMITED). TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

THE PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. THE OUTSTANDING PRINCIPAL OF THIS NOTE MAY AT ANY TIME BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY TO THE TRUSTEE.

FOR CLASS A NOTES, CLASS B NOTES, CLASS C NOTES OR CLASS D NOTES: THE PURCHASER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED EITHER THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE IT WILL NOT BE, (A) AN "EMPLOYEE BENEFIT PLAN" THAT IS SUBJECT TO TITLE 1 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR A "PLAN" THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (B) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 TO INCLUDE) "PLAN ASSETS" BY REASON OF SUCH PLAN'S INVESTMENT IN THE ENTITY, OR (C) A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (II) ITS PURCHASE AND HOLDING OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN, RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

FOR CLASS E NOTES, CLASS F NOTES AND CLASS X NOTE: THE PURCHASER OF THIS NOTE (OR ANY INTEREST IN THIS NOTE) SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE IT WILL NOT BE AN "EMPLOYEE BENEFIT PLAN" THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 TO INCLUDE) "**PLAN ASSETS**" BY REASON OF SUCH PLAN'S INVESTMENT IN THE ENTITY (EACH OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**", OR (B) IT IS AN EMPLOYEE BENEFIT PLAN WHICH IS NOT A BENEFIT PLAN INVESTOR SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND THE PURCHASE AND HOLDING OF THIS NOTE DOES NOT AND WILL NOT VIOLATE ANY SUCH SUBSTANTIALLY SIMILAR LAW.

(1) The purchaser will not, at any time, offer to buy or offer to sell the Notes by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising.

(2) Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

A transferor who transfers an interest in the Rule 144A Global Certificate to a transferee who will hold the interest in the same form is not required to provide any additional written certification.

Regulation S Notes

Each purchaser or transferee of Notes represented by a Regulation S Global Certificate (or beneficial interest therein) will be deemed to have made the representations set forth in clause (5) above, and to have further represented, warranted, acknowledged and agreed that:

(1) it is located outside the United States and is not a U.S. Person (as defined in Regulation S);

(2) it is not purchasing such Regulation S Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Regulation S Notes involves certain risks, including the risk of loss of its entire investment in the Regulation S Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Regulation S Notes, including an opportunity to ask questions of, and request information from, the Issuer.

(3) in connection with the purchase of the Regulation S Notes: (a) none of the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent is acting as a fiduciary or financial or investment advisor for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent other than in this Prospectus and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Regulation S Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Managers or any affiliate, the Note Trustee or a Security Agent; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Regulation S Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.

(4) it understands that the Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer, the Managers and any of their affiliates, that, if it decides to resell, pledge or otherwise transfer such Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only (i) to a person it reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction that meets the requirements of Rule 144A and takes delivery in the form of a Rule 144A Note or (ii) to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) of Regulation S;

(5) it understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend to the effect set forth in paragraph (6) under "Rule 144A Notes" above;

(6) it acknowledges that the Issuer, the Registrar, the Note Trustee, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements;

(7) it understands that before any interest in a Regulation S Global Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate, the transferor and/or transferee, as applicable, will be required to provide the Note Trustee with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions;

(8) it will not, at any time, engage in any directed selling efforts in the United States (as defined by Regulation S) with respect to any offer to buy or offer to sell the Notes; and

(9) it understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. persons. Before any interest in a Regulation S Global Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Certificate, the transferor and/or the transferee, as applicable, will be required to provide the Trustee with a written certification substantially in the form set out in the Trust Deed.

A transferor who transfers an interest in a Regulation S Global Certificate to a transferee who will hold the interest in the same form is not required to provide any additional written certification.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 4 April 2007.

2. Application has been made by the Issuer to the Irish Financial Services Regulatory Authority in its capacity as competent authority under Directive 2003/71/EC for this Prospectus to be approved and for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. According to listing guidelines of the Irish Stock Exchange, the Notes shall be freely transferable. The total fees to be charged by the Irish Stock Exchange for the admission of the Notes to the Official List are estimated as €20,000.

3. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg as follows:

Class	CUSIP (for Rule 144A Notes)	ISIN (for Regulation S Notes)	ISIN (for Rule 144A Notes)	Common Code (for Regulation S Notes)	Common Code (for Rule 144A Notes)
Class A	973226AA1	XS0293895271	US973226AA12	029389527	029563462
Class X	973226AB9	XS0293896675	US973226AB94	029389667	029563489
Class B	973226AC7	XS0293896915	US973226AC77	029389691	029563497
Class C	973226AD5	XS0293897137	US973226AD50	029389713	029563535
Class D	973226AE3	XS0293898457	US973226AE34	029389845	029563543
Class E	973226AF0	XS0293898887	US973226AF09	029389888	029563551
Class F	973226AG8	XS0293899265	US973226AG81	029389926	029563560

4. The Issuer is not, and has not been, involved in any legal, arbitration or governmental proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

5. Since the date of its incorporation, the Issuer has not commenced operations and no accounts have been made up as of the date of this Prospectus.

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.

7. Save as disclosed herein, since 5 March 2007 (being the date of incorporation of the Issuer), there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.

8. The Issuer is incorporated in Ireland and it is intended that the Issuer is, and will remain, domiciled in Ireland.

9. The Issuer will provide post-issuance transaction information regarding the Notes and the Loans in the form of quarterly payment date statements and servicer reports.

10. Copies of the following documents may be inspected in hard copy format during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1 Ireland and at the specified offices of the Irish Paying Agent in Ireland from the date of this document for so long as the Notes remain listed:

(i) the Memorandum and Articles of Association of the Issuer;

(ii) prior to the Closing Date, drafts (subject to modification), and after the Closing Date, copies of the following documents:

(a) the Trust Deed;

(b) the Terms and Conditions of the Notes;

(c) the Issuer Security Documents; and

(d) the audited financial statements of the issuer for the period since its incorporation (the first set of audited financial statements will be published in respect of the period from the date of incorporation of the Issuer to 31 December 2007) and will be published annually thereafter.

11. Any foreign language text within this document is for convenience purposes only and does not form part of this Prospectus.

RATINGS

It is a condition to their issuance that the Notes be rated as follows:

Class	S&P	Moody's	Fitch
Class A	AAA	Aaa	AAA
Class X	AAA	Aaa	AAA
Class B	AAA	Aa1	AA+
Class C	AA	Aa3	AA
Class D	A	NR	A
Class E	BBB	NR	BBB
Class F	BB	NR	BB

The ratings on the Notes address the likelihood of the timely receipt by the Noteholders of all payments of interest to which they are entitled on each Payment Date and the ultimate receipt by the Noteholders of all payments of principal to which they are entitled on or before the Maturity Date. The ratings take into consideration the credit quality of the Loans, structural and legal aspects associated with the Notes, and the extent to which the payment stream from the Loans is adequate to make payments of interest and principal required under the Notes.

The ratings on the Notes do not represent any assessment of:

- the tax attributes of the Notes or the Issuer;
- whether or to what extent prepayments of principal may be received on the Loans;
- the likelihood or frequency of prepayments of principal on the Loans;
- whether or to what extent the interest payable on any class of Notes may be deferred in connection with interest shortfalls;
- whether and to what extent prepayment premiums or default interest will be received;
- non-credit risks which may have a significant effect on the receipt by the Noteholders of interest and principal; and
- the yield to maturity that investors may experience.

The ratings on the Notes should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Additionally, a qualification, downgrade or withdrawal of the ratings of the Liquidity Facility Provider, the Currency Swap Provider or the Interest Rate Swap Providers (or guarantor thereof) may have an adverse effect on the ratings of the Notes.

APPENDIX 1

THE ISSUER

Description of the Issuer

Windermere X CMBS Limited (the "**Issuer**") is a special purpose vehicle established for the purpose of issuing asset backed securities and was incorporated in Ireland as a private limited company on 5 March 2007, with registered number 435764, under the Companies Acts 1963 to 2006 of Ireland. The registered office of the Issuer is First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, Ireland, with phone number +353 1 612 5555 and facsimile number +353 1 612 5550.

The authorised share capital of the Issuer is €100 divided into 100 ordinary shares of par value €1 each (the "**Shares**"). The Issuer has issued two Shares, all of which are fully paid and are held on trust by Wilmington Trust SP Services (London) Limited (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 4 April 2007, under which the Share Trustee holds the Shares on trust for charity. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as Share Trustee) from its holding of the Shares. The Share Trustee will apply any income derived from the Shares solely for the above purposes.

None of the Originators own directly or indirectly any of the share capital of the Issuer.

Wilmington Trust SP Services (Dublin) Limited (the "**Irish Corporate Services Provider**"), an Irish company, acts as the corporate services provider for the Issuer. The office of the Irish Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement to be dated on or about the Closing Date between the Issuer, the Irish Corporate Services Provider and the Trustee (the "**Irish Corporate Services Agreement**"), the Irish Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Irish Corporate Services Agreement. In consideration of the foregoing, the Irish Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Irish Corporate Services Agreement provide that either party may terminate the Irish Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Irish Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach or if either party enters into insolvency proceedings. In addition, either party may terminate the Irish Corporate Services Agreement at any time by giving at least 90 days written notice to the other party. Upon termination, the Irish Corporate Services Provider shall use its best endeavours to ensure the effective transfer of its duties under the Irish Corporate Services Agreement and termination shall not take effect until a successor to the Irish Corporate Services Provider has been appointed.

The Irish Corporate Services Provider's principal office is First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, Ireland.

Business

The principal objects of the Issuer are set forth in clause 3 of its Memorandum of Association and include, *inter alia*, the power to issue securities and to raise or borrow money, to grant security over its assets for such purposes, to lend with or without security and to enter into derivative transactions.

The Issuer was established to raise capital by the issue of the Notes and to use an amount equal to the proceeds of such issuance and drawing to purchase the Loans from the Originators in accordance with and pursuant to the terms of the Loan Sale Agreement.

Since its incorporation, the Issuer has not engaged in any material activities other than those incidental to its registration as a private company under the Companies Acts, the authorisation of the Notes, the matters contemplated in this Prospectus, the authorisation of the other Transaction Documents referred to in this Prospectus or in connection with the issue of the Notes and other matters which are incidental or ancillary to those activities. The Issuer has no employees.

So long as any of the Notes remain outstanding, the Issuer will be subject to the restrictions set out in Condition 4 (*Covenants*) and in the Trust Deed. In particular, the Issuer has undertaken not to carry out any business other than the matters contemplated in this Prospectus and the issue of Notes and the entry into of Transactions Documents related thereto and does not and will not have any substantial assets other than the Issuer Security for the Notes and does not and will not have any substantial liabilities other than in connection with the Notes and any Issuer Security.

The Issuer has, and will have, no material assets other than the sum of €2 in the Issuer Domestic Account representing the proceeds of its issued share capital, such fees (as agreed) payable to it in connection with the issue of Notes or the purchase, sale or incurring of other obligations and any Issuer Security and any other assets on which the Notes are secured. Save in respect of the fees generated in connection with each issue of Notes, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer's issued share capital, the Issuer will not accumulate any surpluses.

Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation. Save for the issues of Notes described above and their related arrangements, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Directors and Company Secretary

The Issuer's Articles of Association provide that the Board of Directors of the Issuer will consist of at least two Directors.

The Directors of the Issuer and their business addresses and their principal activities are as follows:

Alan Geraghty	First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
Roger McGreal	First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, Ireland
Ruth Samson	Level 11, Tower 42, International Financial Centre, 25 Old Broad Street, London EC2N 1HQ

The Company Secretary is Wilmington Trust SP Services (Dublin) Limited and its business address is First Floor, 7 Exchange Place, International Financial Services Centre, Dublin 1, Ireland.

Financial Statements

Since its date of incorporation, the Issuer has not commenced operations and no financial statements of the Issuer have been prepared as at the date of this Prospectus. The Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2007. The Issuer will not prepare interim financial statements. The financial year of the Issuer ends on 31 December in each year.

The profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer. The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and

thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

The auditors of the Issuer are PricewaterhouseCoopers of George's Quay, Dublin 2, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants in Ireland and registered auditors qualified to practice in Ireland.

Since its incorporation, the Issuer has not engaged in any material activities other than those incidental to its registration as a private company under the Companies Acts. As at the date of this Prospectus, no accounts for the Issues have been made up.

INDEX OF PRINCIPAL DEFINITIONS

REGISTERED AND HEAD OFFICE OF THE ISSUER

Windermere X CMBS Limited
First Floor
7 Exchange Place
International Financial Services Centre
Dublin 1
Ireland

NOTE TRUSTEE

ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN
United Kingdom

MASTER SERVICER

Hatfield Philips International Limited
7 Albemarle Street
London W1S 4HQ
United Kingdom

AUDITORS TO THE ISSUER

PricewaterhouseCoopers
George's Quay
Dublin 2, Ireland

LEGAL ADVISORS TO THE NOTE TRUSTEE

As to English Law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

As to Italian Law
Clifford Chance Studio Legale Associato
Via Sistina 4
00187 Rome
Italy

LEGAL ADVISORS TO THE MANAGERS

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10 Upper Bank Street
London E14 5JJ
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As to French Law
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9, Place Vendome
CS 50018
75038 Paris Cedex 01
France

As to German Law
Clifford Chance Partnerschaftsgesellschaft von Rechtsanwälten, Wirtschaftsprüfern, Steuerberatern und Solicitors
Mainzer Landstrasse 46
60325 Frankfurt am Main
Germany

As to Dutch Law
Clifford Chance LLP
Droogbak 1a
1013 GE Amsterdam
PO Box 251
1000 AG Amsterdam
The Netherlands

As to United States Law
Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019-6131
USA

As to Luxembourg Law
Kremer Associés & Clifford Chance
4 Place de Paris
B.P. 1147
L-1011 Luxembourg
Grand Duché de Luxembourg

As to Italian Law
Clifford Chance Studio Legale Associato
Via Sistina 4
00187 Rome
Italy

As to Irish Law
McCann FitzGerald
St Michael's House
1 George Yard
Lombard Street
London EC3V 9DF

As to Swiss Law
Walder Wyss & Partners
Seefeldstrasse 123
PO Box 1236
CH-8034 Zurich

PRINCIPAL PAYING AGENT, AGENT BANK, ISSUER ACCOUNT BANK, CASH MANAGER, EXCHANGE AGENT

ABN AMRO Bank N.V. (London Branch)
250 Bishopsgate
London EC2M 4AA
United Kingdom

IRISH PAYING AGENT

NCB Stockbrokers Limited
3 St. George's Dock
IFSC
Dublin 1
Ireland

LISTING AGENT

McCann FitzGerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

REGISTRAR

LaSalle Bank National Association
Issuer Services
135 South LaSalle Street, Suite 1625
Chicago, Illinois 60603
U.S.A.