€1,111,835,000*
WINDERMERE XIV CMBS LIMITED

(incorporated with limited liability in Ireland with registered number 439978)

€836,430,000 Class A Commercial Mortgage-Backed Notes due 2018
€50,000 Class X Commercial Mortgage-Backed Note
€97,100,000 Class B Commercial Mortgage-Backed Notes due 2018
€79,000,000 Class C Commercial Mortgage-Backed Notes due 2018
€33,400,000 Class D Commercial Mortgage-Backed Notes due 2018
€44,320,000 Class E Commercial Mortgage-Backed Notes due 2018
€21,585,000 Class F Commercial Mortgage-Backed Notes due 2018

On 28 November 2007 (or such other date as Windermere XIV CMBS Limited (the "**Issuer**") and the Lead Manager agree) (the "**Closing Date**"), the Issuer will issue the €836,430,000 Class A Commercial Mortgage-Backed Notes due 2018 (the "**Class A Notes**"), the €50,000 Class X Commercial Mortgage-Backed Notes (the "**Class X Note**"), the €97,100,000 Class B Commercial Mortgage-Backed Notes due 2018 (the "**Class B Notes**"), the €79,000,000 Class C Commercial Mortgage-Backed Notes due 2018 (the "**Class C Notes**"), the €33,400,000 Class D Commercial Mortgage-Backed Notes due 2018 (the "**Class D Notes**"), the €44,320,000 Class E Commercial Mortgage-Backed Notes due 2018 (the "**Class E Notes**") and the €21,585,000 Class F Commercial Mortgage-Backed Notes due 2018 (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 arrears in euro on the 22 day of January, April, July and October in each year (or if such day is not a Business Day, the next succeeding Business Day, such date a "**Payment Date**"). The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Payment Date falling in January 2008. 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 (Fitch / Moody's / S&P)
Class A	€836,430,000	3 mth EURIBOR + 0.45%	April 2018	April 2014	3.97yrs	100%	AAA/Aaa/AAA
Class X	€50,000	VARIABLE [2][3]	N/A	N/A	N/A	101.496%	AAA/NR/NR
Class B	€97,100,000	3 mth EURIBOR + 0.75%	April 2018	April 2014	5.19yrs	100%	AA/Aa3/AA
Class C	€79,000,000	3 mth EURIBOR + 1.20%	April 2018	April 2014	5.19yrs	100%	A/NR/A
Class D	€33,400,000	3 mth EURIBOR + 1.90%	April 2018	April 2014	5.19yrs	100%	A/NR/BBB
Class E	€44,320,000	3 mth EURIBOR + 2.05[4]%	April 2018	April 2014	5.19yrs	100%	BBB/NR/BBB
Class F	€21,585,000	3 mth EURIBOR + 2.30[5]%	April 2018	April 2014	5.19yrs	100%	BBB/NR/BBB-

(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 Interest 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 E 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 E Notes for such Payment Date and (b) the Adjusted Class E Interest Amount (*as defined in Condition 5(c)* (*Note Rate of Interest and Calculation of Interest Amounts for Notes*).

(5) 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

BARCLAYS CAPITAL

Morgan Stanley

The date of this Prospectus is 28 November 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 the 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 inaccurate or 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 Servicers, 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 Swap Guarantor, the Exchange Agent, the Issuer Account Bank, the Italian Issuer, the Representative of the Italian Noteholders, the Italian Corporate Services Provider 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 undertake 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, Finland, 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**", "**$**" and "**Dollars**" or "**U.S.$** " are to the lawful currency for the time being of the United States of America.

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 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;

(f) 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*";

(g) unless otherwise stated, all information in relation to the Sisu Loan, the Harbour Loan, the QueenMary Loan and the Baywatch Loan reflects only the portion of the Whole Loan that the Issuer will acquire on the Closing Date, such portion being the A Piece; and

(h) unless otherwise stated, all information in relation to the Loans assumes that all payments of interest and principal due on the Interest Payment Date falling on 15 October 2007 have been made in full and that no further payments have been make since that date.

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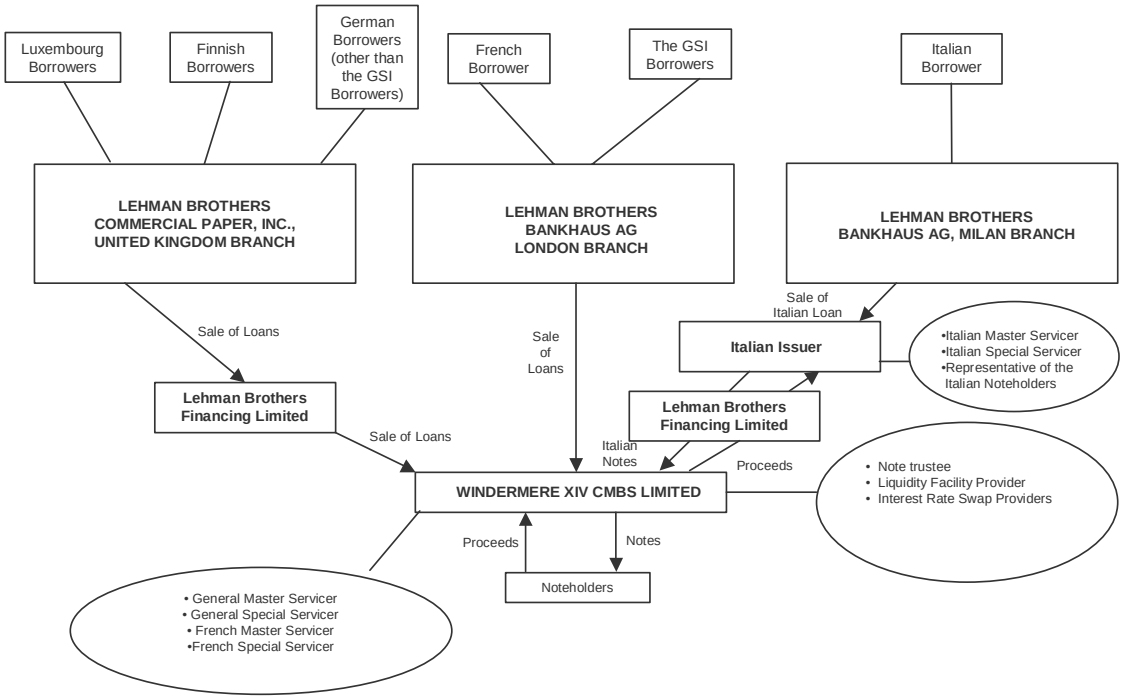
SUMMARY

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 Principal Definitions".

1. Diagram of Transaction Structure



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 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) three German loans (all of which are governed by English Law) (the "**German Loans**") secured by predominantly first ranking land charges (*Grundschuld*) over 29 properties (the "**German Properties**") located in the Federal Republic of Germany;

(ii) one French loan (the "**French Loan**" or the "**Haussmann Loan**") secured by one lender's lien (*privilège de prêteur de deniers*) 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; and

(iii) three Finnish loans (two of which are governed by English Law) (the "**Finnish Loans**") in respect of 555 properties secured by, in respect of the Harbour Loan, mortgages (*kiinteistökiinnitys*) over 100% of the properties by value, in respect of the Odin Loan, mortgages (*kiinteistökiinnitys*) over 100% of the properties by value and in respect of the Sisu Loan, mortgages (*kiinteistökiinnitys*) over 86% of the properties by value (such mortgaged and unmortgaged properties together the "**Finnish Properties**") located in Finland, together with security granted in respect of the Finnish Loans.

(b) pursuant to the terms of the Master Sale Agreement, the Issuer will purchase the Italian Notes on the Closing Date.

The Italian Notes

On 21 2007 (the "**Italian Issue Date**"), the Italian Issuer used the proceeds of the issuance of the Italian Notes (which were fully subscribed for by LBF in its capacity as the initial purchaser of the Italian Notes (the "**Initial Italian Notes Purchaser**") pursuant to an Italian law subscription agreement (the "**Italian Notes Subscription Agreement**") between the Italian Issuer, the Representative of the Italian Noteholders, Lehman Brothers Bankhaus AG, Milan Branch ("**Bankhaus Milan**") and the Initial Italian Notes Purchaser) 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**").

An amount equal to €314,760,364 of the subscription proceeds of the Regular Notes will be used by the Issuer to acquire the Italian Notes from the Initial Italian Notes Purchaser on the Closing Date in accordance with the Master Sale Agreement.

The Loans

The German Loans, the Finnish 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 Sisu Loan, the Baywatch Loan, the QueenMary Loan and the Harbour 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 "**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 "**B Piece Lender**").

The A Piece and the B Piece in respect of each Whole Loan are, together, referred to herein as a "**Whole Loan**" (and together, the "**Whole Loans**") and the "**Sisu Whole Loan**", the "**Baywatch Whole Loan**", the "**QueenMary Whole Loan**" and the "**Harbour Whole Loan**" are comprised of the A Piece, the B Piece in respect of such Whole Loans.

All of the Loans are denominated in Euro and 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, Finland, Italy and France is a "**Relevant Jurisdiction**" and together the "**Relevant Jurisdictions**".

As at 15 October 2007 (the "**Cut-Off Date**"), the Loans would have had an aggregate outstanding principal balance of €1,111,835,748 (including any payments in respect of the Loans that were made on such date) (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 €1,106,869,521 (including the Fortezza II VAT Facility, as defined below) (the "**Cut-Off Date Drawn Balance**").

The Capex Facilities and Reserve Facility

The Haussmann Borrower and the Baywatch Borrower each benefit from a capex facility of: (a) €2,390,000 in relation to the Haussmann Loan and (b) €2,563,347 in relation to the Baywatch Loan (together, the "**Capex Facilities**" and each a "**Capex Facility**"). In addition, the Odin Borrower benefits from a €200,000 reserve facility (the "**Odin Reserve Facility**")

The Capex Advances and Reserve Advances

An amount equal to €2,390,000 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Haussmann Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**Haussmann Initial Capex Advance Amount**". The advance of further amounts on or after the Closing Date by Bankhaus London to the Haussmann Borrower (each, a "**Haussmann Capex Advance**") is conditional upon, *inter alia*, the Haussmann Borrower requesting drawing(s) from the capex facility under the Haussmann Loan Agreement up to, in aggregate, the Haussmann Initial Capex Advance Amount. Upon the same date as the advance of a Haussmann Capex Advance by Bankhaus London to the Haussmann Borrower, the Issuer will purchase such Haussmann Capex Advance from Bankhaus London, and Bankhaus London will thereafter subsequently transfer such Haussmann Capex Advance to the Issuer.

However, if the total aggregate amount of Haussmann Capex Advances advanced by Bankhaus London is not, in aggregate, equal to the Haussmann Initial Capex Advance Amount by the Payment Date falling in 15 January 2014 (the "**Haussmann Special Principal Payment Date**"), then the amount which is still standing to the credit of the Haussmann Capex Reserve Account on such date (the "**Haussmann 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 Haussmann Special Principal Payment Date.

An amount equal to €2,376,227 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Baywatch Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager (the "**Baywatch Capex Facility**"). This amount is referred to as the "**Baywatch Initial Capex Advance Amount"**. The advance of further amounts on or after the Closing Date by LCPI to the relevant Baywatch Borrower (each, a "**Baywatch Capex Advance**") is conditional upon, *inter alia*, the relevant Baywatch Borrower requesting drawing(s) from the capex facility under the Baywatch Loan Agreement up to, in aggregate, the Baywatch Initial Capex Advance Amount. Upon the same date as the advance of a Baywatch Capex Advance by LCPI to the applicable Baywatch Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Baywatch Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Baywatch Capex Advance to the Issuer. However, if the total aggregate amount of Baywatch Capex Advances advanced by LCPI is not, in aggregate, equal to the Baywatch Initial Capex Advance Amount by the Payment Date falling in 15 April 2011 (the "**Baywatch Special Principal Payment Date**"), then the amount which is still standing to the credit of the Baywatch Capex Reserve Account on such date (the "**Baywatch 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 Baywatch Special Principal Payment Date.

An amount equal to €200,000 of the subscription proceeds of the Regular Notes will be retained by the Issuer in the Odin Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. This amount is referred to as the "**Odin Initial Advance Amount**". The advance of further amounts on or after the Closing Date by LCPI to the relevant Odin Borrower (each, an "**Odin Additional Advance**") is conditional upon, *inter alia*, the relevant conditions in the sale and purchase agreement in respect of the Odin Property being met and an additional payment obligation becoming payable and compliance with certain other criteria. Upon the same date as the advance of an Odin Additional Advance by LCPI to the applicable Odin Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Odin Additional Advance from LCPI and LBF will thereafter subsequently transfer such Odin Additional Advance to the Issuer. However, if (i) the total aggregate amount of Odin Additional Advances advanced by LCPI is not, in aggregate, equal to €100,000 by 31 January 2009 (the "**First Odin Special Principal Payment Date**"), then the difference between €100,000 and the amount that has been advanced as Odin Additional Advances as of such date (the "**First Odin Remaining Advance Amount**") will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the First Odin Special Principal Payment Date, and (ii) the total aggregate amount of Odin Additional Advances advanced by LCPI together with the First Odin Remaining advance Amount is not, in aggregate, equal to €200,000 by 31 July 2009 (the "**Second Odin Special Principal Payment Date**" and together with the First Odin Special Principal Payment Date, each a "**Odin Special Principal Payment Date**"), then the amount which is still standing to the credit of the Odin Reserve Account on such date (the "**Second Odin Remaining Advance Amount**" and each of the Second Odin Remaining Amount and the First Odin Remaining Advance Amount an "**Odin Remaining Advance Amount**") will thereafter be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Second Odin Special Principal Payment Date.

Each Haussmann Capex Advance, Odin Additional Advance and Baywatch Capex Advance are together referred to as the "**Capex Advances**" (and each is a "**Capex Advance**").

Each Haussmann Special Principal Payment Date, Odin Special Principal Payment Date and Baywatch Special Principal Payment Date are together referred to as the "**Special Principal Payment Dates**" and each, a "**Special Principal Payment Date**".

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 XIV 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 XIV 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 (Fitch / Moody's / S&P)
Class A	€836,430,000	3 mth EURIBOR + 0.45%	April 2018	April 2014	3.97yrs	AAA/Aaa/AAA
Class X	€50,000	VARIABLE [2][3]	N/A	N/A	N/A	AAA/NR/NR
Class B	€97,100,000	3 mth EURIBOR + 0.75%	April 2018	April 2014	5.19yrs	AA/Aa3/AA
Class C	€79,000,000	3 mth EURIBOR + 1.20%	April 2018	April 2014	5.19yrs	A/NR/A
Class D	€33,400,000	3 mth EURIBOR + 1.90%	April 2018	April 2014	5.19yrs	A/NR/BBB
Class E	€44,320,000	3 mth EURIBOR + 2.05%[3]	April 2018	April 2014	5.19yrs	BBB/NR/BBB
Class F	€21,585,000	3 mth EURIBOR + 2.30%[3]	April 2018	April 2014	5.19yrs	BBB/NR/BBB-

(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) The interest due and payable in respect of the Class E Notes and 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 E Notes and the Class F Notes, as applicable, for such Payment Date and (b) the Adjusted Class E Interest Amount or the Adjusted Class F Interest Amount, as applicable (each 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. The Adjusted Notional Amount Outstanding at any time in respect of the Class A Notes and the Class X Note shall always be equal to the Principal Amount Outstanding of the Class A Notes or the Class X Note, as the case may be, at such time. On any date, the aggregate Adjusted Notional Amount Outstanding of each Class of Notes outstanding on such date shall be the "**Aggregate Adjusted Notional Amount Outstanding**". 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 one and two month) euro deposits ("**EURIBOR**"); plus (b) the Relevant Margin for such class of Regular Notes (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	The estimated average life of each class of Notes set forth in the table above refers to the estimated average amount of

Final Payment Date

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 or any of the Italian Notes;

(b) no Loan nor any of the Italian Notes defaults, prepays, partially or fully, or is enforced or terminated 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 Sisu A Piece, the relevant Sisu Properties being sold in accordance with the relevant Borrower's business plan, with respect to the QueenMary A Piece, the relevant QueenMary Properties being sold in accordance with the relevant Borrower's business plan; and

(e) each of the Haussmann Initial Capex Advance Amount, the Odin Initial Advance Amount and the Baywatch 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 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.

Ratings

The expected ratings to be assigned by Fitch, Moody's and S&P, 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 XIV CMBS Limited (the "**Issuer**") is a private company incorporated in Ireland with limited liability on 21 May 2007, with company number 439978 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 2 November 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:

(a) the Harbour Whole Loan;

(b) the Sisu Whole Loan;

(c) the Baywatch Whole Loan;

(d) the QueenMary Whole Loan; and

(e) the Odin 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 but will instead sell the LCPI/LBF Loans, pursuant to the terms of the Master Sale Agreement to LBF. LBF will immediately thereafter sell the LCPI/LBF Loans to the Issuer.

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

(a) the Haussmann Loan; and

(b) the GSI Loan (together, the "**Bankhaus Originated Loans**").

Lehman Brothers Bankhaus AG, acting through its Milan branch ("**Bankhaus Milan**") has originated the Fortezza II Loan (the "**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 5LE. The activities of LBF are varied but include purchasing the LCPI Loans from LCPI and thereafter immediately selling the LCPI Loans which will together form the "**LCPI/LBF Loans** " to the Issuer.
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,** 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 and in the register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act. The registered office of the Italian Issuer is at Via Guidubaldo Del Monte 61, Rome and its tax identification number (*codice fiscale*) is 08830931005.
Borrowers	The Borrowers in respect of each Loan are 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, has been appointed by the Haussmann Finance Parties to act as their agent (*mandataire*) under and in connection with the security granted by the Haussmann Borrower and each other relevant security provider under the Haussmann 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). On the Closing Date, the security granted in respect of the German Loans and the French Loan will be transferred to the Issuer; and on or about the Italian Issue Date, the security granted in respect of the Italian Loan was transferred to the Italian Issuer. The Finnish law security

granted in respect of each Finnish Loan 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 (or defined as "*Parties Financières*") 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 Note Trustee and the Security Agents, act as the agent of the Issuer 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**") pursuant to a French Delegation Agreement.

Italian Master Servicer and Italian Special Servicer

Zenith Service S.p.A. formed under the laws of Italy entered into a servicing agreement (the "**Italian Servicing Agreement**") with the Italian Issuer and the Representative of the Italian Noteholders on or about the Italian Issue Date and will, pursuant to the terms of the Italian 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. 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 pursuant to the Italian Servicing Agreement (in such capacity, the "**Delegate Italian Master Servicer**" and/or the "**Delegate Italian Special Servicer**"). In accordance with the delegation contained in the Italian Servicing Agreement, the majority of the obligations of the Italian Master Servicer and the Italian Special Servicer have been delegated to Hatfield Philips in its capacity as Delegate Italian Master Servicer and Delegate Italian Special Servicer respectively. Upon such delegation, and without prejudice to the role of the Master Servicer as *sogetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*, the Italian Master Servicer and the Italian Special Servicer will no longer be primarily liable for the obligations under the Italian 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 "**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 Servicing 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 (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 Note Trustee and the Cash Manager. The Cash Manager will 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.
Italian Cash Manager	ABN AMRO Bank N.V. (London Branch) will be the cash manager to the Italian Issuer (in such capacity, the "**Italian Cash Manager**") pursuant to the terms of a cash management agreement dated on or about the Italian Issue Date (the "**Italian Cash Management Agreement**") between, *inter alios*, the Italian Issuer, the Representative of the Italian Noteholders and the Italian Cash Manager. The Italian Cash Manager will, 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, other than the Issuer Share Capital Account, (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 and a long-term rating of at least "A1" 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, the "**Account Banks**" and each an "**Account Bank**") will act as account bank to the Italian Issuer pursuant to the terms of the Italian Cash Management Agreement. Pursuant to the terms of the Italian 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 and the Principal Paying Agent.
Italian Paying Agent	The Bank of New York Luxembourg S.A. 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**") and will make payments on behalf of the Italian Issuer of principal and interest on the Italian Notes.
Custodian of the Italian Notes	The Bank of New York Luxembourg S.A. will be the Custodian of the Italian Notes (in such capacity, the "**Custodian of the Italian Notes)**" under the Italian Issuer Notes Pledge.
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.
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, New York, NY 10091 and LBIE will be the interest rate hedging providers (the "**Swap Providers**" and each a "**Swap Provider**") pursuant to the terms of certain interest rate and basis rate hedging agreements (the "**Swap Transactions**") between the Issuer and the applicable Swap Provider and between certain Borrowers and the applicable Swap Provider.
Swap Guarantor	Lehman Brothers Holdings, Inc. acting through its office at 745 Seventh Avenue, 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	Danske Bank A/S, acting through its London branch at 75 King William Street, London EC4N 7DT, 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 Swap Providers, the Swap Guarantor, the Paying Agents, the Agent Bank, the Registrar, the Custodian, 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 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 hold the register in relation to the Italian Notes.
Representative of the Italian Noteholders and Italian Issuer Secured Creditors	ABN AMRO Trustees Limited is the representative of the holders of the Italian Notes pursuant to the Italian Notes Subscription Agreement and the rules of organisation of the Italian Noteholders (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 Italian Cash Manager, the Italian Special Servicer, any Italian Delegate Servicers, the Italian Corporate Services Provider and each of the holders of the Italian Notes.

Italian Issuer Parent

The quota 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 4(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 4 (*Status, Security and Priority*), the Controlling Class will be entitled to appoint a "**Controlling Class Representative**" to represent their interests, either directly or indirectly, in respect of any Specially Serviced Mortgage Loans.

Upon the appointment by the Controlling Class of a Controlling Class Representative, the Issuer, the applicable Master Servicer, the then applicable Special Servicer, the Security Agents, 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), *inter alios*, 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, pursuant to the Servicing Agreement, 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 Servicing Agreement, 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 Servicing Agreement) 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 28 November 2007 (or such other date as the Issuer and the Lead Manager may agree) (the "**Closing Date**").

Cut-Off Date

15 October 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 April 2018 (the "**Maturity Date**").

Payment Date

The 22 day of January, April, July and October in each year (or if such day is not a Business Day, the next succeeding Business Day, such date a "**Payment Date**"), commencing on the Payment Date falling in January 2008.

Interest Payment Date

"**Interest Payment Date**" means in respect of each loan, the 15th day of January, April, July and October 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 Fortezza II Loan and the Harbour 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 QueenMary Loan and the Baywatch Loan, a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Frankfurt am Main and which is a TARGET Business Day (as applicable);

(b) in respect of the GSI Loan, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Berlin and which is a TARGET Business Day (as applicable);

(c) in respect of the Harbour Loan, a day (other than a Saturday or Sunday), on which banks are open for general business in London and (i) in relation to any date for payment or purchase of a currency other than euro, in the principal financial centre of the country of that currency; or (ii) in relation to any date for payment or purchase of euro, any TARGET Business Day;

(d) in respect of the Odin Loan, a day (other than a Saturday or Sunday) on which banks are generally open for business in London, Helsinki and Luxembourg, and which is a TARGET Business Day;

(e) in respect of the Sisu Loan, a day on which banks are generally open for business in London, Helsinki, Stockholm and New York and, in relation to a date for the payment or purchase of any sum denominated in euro, any TARGET Business Day;

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

(g) in respect of the French Loan, a day (other than a Saturday or a Sunday) (1) on which banks are generally open for business in London and Paris and (2) in relation to any day on which a payment or a purchase of a sum in euro is made, (i) a TARGET Business Day and (ii) a day where banks are generally open in the financial centre chosen by the Security Agent (as defined below) to receive payments in euro.

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 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 or the Italian Notes. 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 January 2008. 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, the first "**Loan Interest Period**" will commence on (and include) the Closing Date and end on (but exclude) the first Interest Payment Date thereafter in respect of that Loan. Each successive Loan Interest Period will commence on (and include) the next Interest Payment Date and end on (but exclude) the following Interest 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 January 2008. 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 International Swaps and Derivatives Association, Inc ("**ISDA**") 1992 Master Agreement (Multicurrency – Cross Border) and schedule thereto with the relevant Swap Provider (the "**Issuer Swap Agreements**"). See "*The Liquidity Facility and the Swap Agreements - The Swap Agreements*". On or before the Closing Date, certain Borrowers will enter into one or more Swap Agreements in the form of the ISDA 1992 Master Agreement (Multicurrency-Cross Border) (or a long form confirmation incorporating an ISDA 1992 Master Agreement (Multicurrency-Cross Border)) and schedule thereto with the relevant Swap Provider (the "**Borrower Swap Agreements**") see "*The Liquidity Facility and the Swap Agreements - The Swap Agreements*"
Interest Rate Swap Transactions	7 interest rate swap transactions (the "**Loan Rate Swap Transactions**") will be governed by the terms of the relevant Issuer 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"*
Date Adjustment Swap Transactions	2 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 Haussmann Loan and the Sisu Whole Loan. The Date Adjustment Swap Transactions will be governed by the terms of the relevant Issuer Swap Agreement. See "*The Liquidity Facility and the relevant Swap Agreements - The Swap Agreements - The Date*

Adjustment Swap Transactions".

Interest Rate Cap Transactions

4 interest rate cap transactions (the "**Interest Rate Cap Transactions**") will be entered into on or around the Closing Date between certain Borrowers and the relevant Swap Provider in relation to the Haussmann Loan, the Sisu Whole Loan and the Baywatch Capex Facility. The Interest Rate Cap Transactions will be governed by the terms of the relevant Borrower Swap Agreement. See "*The Liquidity Facility and the Swap Agreements - The Swap Agreements - The Interest Rate Cap Transactions*"

Issuer Swap Agreement Credit Support Document

On or before the Closing Date, the Issuer will enter into a credit support document in the form of an ISDA 1995 Credit Support Annex (Transfer - English Law) with the relevant Swap Provider. For a more detailed description of the Issuer Swap Agreement Credit Support Document, see " *The Transaction Documents - The Swap Agreements - Credit Support - Terms*".

Borrower Swap Agreement Credit Support Document

On or before the Closing Date, certain Borrowers will enter into a credit support document in the form of an ISDA 1995 Credit Support Annex (Transfer - English Law) with the relevant Swap Provider. For a more detailed description of the Borrower Swap Agreement Credit Support Document, see "*The Transaction Documents - The Swap Agreements - Credit Support - Terms"*.

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 €72,269,275 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) 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 Notes 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 €1,000,000,000 but not below €370,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €65,000,000 (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 €370,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €33,300,000 (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 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 eight Loans, each of which was originated by Bankhaus London, Bankhaus Milan or LCPI as Originator and is an obligation of the relevant Borrower or, as applicable, Borrowers. The Properties are all located in the Federal Republic of Germany, Finland, Italy or France.

Security on each Loan

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 Finnish Loan will be secured by, among other things, first ranking real estate mortgages (*kiinteistökiinnitys*) over the Finnish Properties (the Sisu Loan being secured by first ranking real estate mortgages over 100 out of the 553 Sisu Properties, representing 80.9% of the market value of the Sisu Loan), pledges of shares in each of the Finnish Borrowers (and by the Sisu Borrower over all its shares in each owner or part-owner of one or more Sisu Properties (120 wholly owned or majority owned and 127 less than majority owned Sisu Property owners)), rental income, certain bank accounts and certain insurance proceeds;

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

(d) the French Loan will be secured by, among other things, a lenders' lien (*privilège de prêteur de deniers*) and a second ranking mortgage (*hypothèque*) over the Haussmann Property; a delegation (*délégation*) of insurance proceeds pursuant to article L.121-13 of the French *Code des assurances* (Insurance Code); a pledge over the bank accounts (*nantissement de compte*) of the Haussmann Borrower; a pledge over the shares (*parts sociales*) of the Haussmann Borrower; 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*); cash pledges over reserve accounts; a pledge over receivables (*Nantissement de créances*) and two guarantees (*cautionnement personnel et solidaire*).

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

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

	Sisu	Fortezza II	Haussmann	QueenMary	Baywatch	Odin	GSI	Harbour
Number of Properties	553	11	1	19	9	1	1	1
Cut-off Securitised Balance (€) [(1)]	329,770,458	316,113,713	268,156,667	57,466,621	48,960,347	39,130,000	37,100,000	15,137,943
% of Aggregate Cut-off Securitised Balance	29.7%	28.4%	24.1%	5.2%	4.4%	3.5%	3.3%	1.4%
Cumulative Property Value (€) [(2)]	458,275,214	342,430,000	422,000,000	83,040,000	70,280,000	60,200,000	53,000,000	24,600,000
% of Aggregate Property Value	30.3%	22.6%	27.9%	5.5%	4.6%	4.0%	3.5%	1.6%
Cut-Off Date LTV (%) [(2)(5)]	72.0%	73.7%	63.0%	69.2%	66.0%	65.0%	70.0%	61.5%
Maturity Date LTV (%) [(2)(3)(4)(5)]	67.7%	73.7%	59.3%	65.5%	66.0%	65.0%	70.0%	61.5%
Cut-Off Date ICR [(5)]	1.70	1.46	1.56	1.91	1.51	1.69	1.54	1.73
Maturity Date [(3)]	15-Apr-12	15-Jan-14	15-Jan-14	15-Jan-12	15-Apr-11	15-Jul-13	15-Apr-14	15-Jan-10

(1) Includes the VAT Facility and assumes that all the Capex Facilities are fully drawn.
The figures in relation to the Sisu Loan, the Baywatch Loan, the QueenMary Loan and the Harbour Loan are based on the size of the relevant A piece for the related Whole Loan on the Cut-Off Date.

(2) The following Loans may, at the option of the relevant Borrowers and upon satisfaction of certain conditions, be extended:
Harbour Loan for a period of 1 or 2 years up to 15 January 2012,
Baywatch Loan for a period of 1 year up to 15 April 2012

(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 capex drawings and excludes the VAT facility.

(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 and the Sisu Borrower complies with hard LTV Targets.

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

Master 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 Sale Agreement**"), pursuant to which:

(a) LBF will acquire the LCPI/LBF Loans on the Closing Date;

(b) the Issuer will in turn acquire the LCPI/LBF Loans

from LBF in consideration for the payment of €487,889,142 (the "**LBF Initial Purchase Price**") by the Issuer to LBF on the Closing Date;

(c) the Issuer will acquire the Bankhaus Originated Loans from Bankhaus London in consideration for the payment of €302,866,667 (the "**Bankhaus London Initial Purchase Price**") by the Issuer to Bankhaus London on the Closing Date. In particular, the transfer of the Haussmann Loan contemplated by the Master Sale Agreement will be effected in France on the Closing Date by an assignment of the receivables arising under the Haussmann 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 Haussmann 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. In addition, Bankhaus London shall endorse: a *copie exécutoire à ordre* with respect to the Haussmann Loan in favour of the Issuer before a French notary on the Closing Date, which effect shall be to transfer to the Issuer the right to enforce the *privilège de prêteur de deniers* and the *hypothèque*;

(d) in consideration for the Issuer's purchase of the Italian Notes and the LCPI/LBF Loans, LBF may be required, pursuant to the terms of the Master Sale Agreement, on each Payment Date beginning on April 2009, to reimburse to the Issuer an amount equal to the Consideration Reimbursement Amount on such date;

(e) 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 LCPI/LBF Loans;

(ii) to LBF, the Additional Deferred Consideration,

(iii) to Bankhaus London, in an amount equal to any Prepayment Fees and/or Extension Fees received in respect of the Bankhaus Originated Loans,

and, in addition, pursuant to the terms of the Master 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**".

"**Consideration Reimbursement Amount**" shall mean, in respect of the relevant Payment Date, the amount set out in the table below, subject to any *pro rata* reductions due to any unscheduled prepayment in respect of the Italian Notes, the Haussmann Loan and the GSI Loan and minus the Consideration Reimbursement Reduction Amount in respect of such Interest Period. *See "Loan Sale Agreements* -

Consideration Reimbursement Amount".

Payment Date	Consideration Reimbursement Amount
April 2009	25,890
July 2009	66,887
October 2009	133,193
January 2010	142,460
April 2010	149,832
July 2010	195,828
October 2010	263,951
January 2011	287,419
April 2011	298,770
July 2011	325,141
October 2011	328,609
January 2012	328,610
April 2012	325,145
July 2012	325,146
October 2012	328,614
January 2013	328,615
April 2013	321,685
July 2013	325,151
October 2013	322,692
January 2014	322,693
April 2014	70,669

"**Consideration Reimbursement Reduction Amount**" means, on any Determination Date, the amount equal to the product of (i) (a) the aggregate amount of any unscheduled prepayments in respect of any Recalculation Loan which, as at such Determination Date, has been prepaid in full prior to its scheduled maturity date, divided by (b) 1,111,835,000, and (ii) the Consideration Reimbursement Amount (prior to its reduction by the Consideration Reimbursement Reduction Amount) in respect of such Payment Date.

"**Recalculation Loan**" shall mean any of the Sisu Loan, Baywatch Loan, the QueenMary Loan, the Harbour Loan and the Odin Loan, and all of them the "**Recalculation Loans**".

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 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 Haussmann Finance Parties pursuant to and in connection with the Haussmann Loan and related security documents.

Italian Receivables Purchase Agreement

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

(a) on or about the Italian Issue Date, €314,760,364 (the "**Italian Initial Purchase Price**"); and

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

Finance Parties under the Loans

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

The Master Sale Agreement and the Italian Receivables Purchase 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 Baywatch Capex Advance; (ii) LCPI, in relation to each Odin Additional Advance and (iii) Bankhaus London, in relation to the Haussmann Capex Advance is conditional upon the relevant Borrower requesting drawing(s) under the relevant Capex Facility up to, in aggregate, the relevant Initial Capex Advance Amount.

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 €2,390,000 in the Haussmann Capex Reserve Account;

(b) deposit an amount equal to €2,376,227 in the Baywatch Capex Reserve Account; and

(c) deposit an amount equal to €200,000 in the Odin Reserve Account,

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

However, if the amounts standing to such accounts have not been 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 Haussmann Special Principal Payment Date, the Issuer will utilise any Haussmann Remaining Capex Advance Amount;

(b) on the Baywatch Special Principal Payment Date, the Issuer will utilise any Baywatch Remaining Capex Advance Amount; and

(c) on the relevant Odin Special Principal Payment Date, the Issuer will utilise any Odin Remaining 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;

(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 II Loan.

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 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 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 the French Loan, the Issuer will hold the legal title to the French Mortgages and Related Security and Bankhaus, London will act as agent (*mandataire*) for the Haussmann Finance Parties in relation to the French Mortgage and Related Security.

In respect of Finnish Loans, the Finnish Security Agent will act as security trustee to hold on behalf of the Issuer all Related Security in respect of each Finnish Loans as trustee (as agent under Finnish law) including, without limitation, the mortgage notes (*Panttikirja*) in respect of each Finnish Loan.

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

8. The Italian Notes

The Italian Notes

On the Italian Issue Date, the Italian Issuer issued €314,760,364 Italian notes which were fully subscribed for by the Initial Italian Notes Purchaser (the "**Italian Notes**"). The Italian Notes are represented by physical registered certificates (*certificati nominativi*) and are denominated in Euro and governed by Italian law. An amount equal to the aggregate proceeds of the issuance of the Italian Notes was 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. The Issuer shall purchase all of the Italian Notes from the Initial Italian Notes Purchaser on or about the Closing Date in accordance with the Master Sale Agreement.

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 and the Issuer has appointed the Custodian of the Italian Notes as custodian of its Italian Notes certificates.

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 Closing 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 other than principal and Prepayment Fees paid to the Italian Issuer under or in respect of any 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. If such Italian Issuer Fees, in accordance with the then applicable Italian Issuer Priority of Payments are applied as Available Interest Collections, such fees are referred to herein as "**Italian Issuer RC Fees**" and if such Italian Issuer Fees are applied as 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, 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 are (and will continue to 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 (or cancellation thereof) by the Italian Issuer of its payment obligations under the Italian Notes, to the other Italian Issuer Secured Creditors and/or 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 executed:

(a) a deed of pledge (the "**Italian Issuer Deed of Pledge**"), governed by Italian law, pursuant to which the Italian Issuer created 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 certain 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 granted 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 Italian Servicing Agreement, the Italian 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**".

9. 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)]
Sisu	329,770,458	553	458,275,214
Fortezza II	316,113,713	11	342,430,000
Haussmann	268,156,667	1	422,000,000
QueenMary	57,466,621	19	83,040,000
Baywatch	48,960,347	9	70,280,000
Odin	39,130,000	1	60,200,000
GSI	37,100,000	1	53,000,000
Harbour	15,137,943	1	24,600,000
Total	**1,111,835,748**	**596**	**1,513,825,214**

(1) Includes the VAT Facility and assumes that all the Capex Facilities and Reserve Facility are fully drawn.
The figures in relation to the Sisu Loan, the Baywatch Loan, the QueenMary Loan and the Harbour Loan are based on the size of the relevant A piece for the related Whole Loan on 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	Lower Saxony	4	51,323,654	4.6%	74,090,000	4.9%	68.7%	68.3%
Germany	North Rhine-Westphalia	10	46,000,022	4.1%	63,370,000	4.2%	69.7%	68.8%
Germany	Baden-Württemberg	4	17,041,720	1.5%	23,970,000	1.6%	71.1%	67.3%
Germany	Bavaria	2	4,583,454	0.4%	10,660,000	0.7%	43.0%	40.7%
Germany	Saxony-Anhalt	2	6,383,615	0.6%	9,370,000	0.6%	64.6%	64.6%
Germany	Bremen	3	5,814,196	0.5%	8,490,000	0.6%	68.5%	64.8%
Germany	Hesse	2	3,826,003	0.3%	6,190,000	0.4%	61.8%	58.5%
Germany	Holstein	1	4,706,620	0.4%	5,700,000	0.4%	82.6%	78.2%
Germany	Rhineland-Palatinate	1	3,847,684	0.3%	4,480,000	0.3%	85.9%	81.3%
France	Ile de France	1	268,156,667	24.1%	422,000,000	27.9%	63.0%	59.3%
Italy	Lazio	10	293,681,206	26.4%	318,130,000	21.0%	73.7%	73.7%
Italy	Abruzzo	1	22,432,507	2.0%	24,300,000	1.6%	73.7%	73.7%
Finland	South Western Finland	18	117,777,782	10.6%	170,077,937	11.2%	69.2%	66.5%
Finland	Southern Finland	219	107,596,654	9.7%	152,898,597	10.1%	70.4%	66.8%
Finland	Western Finland	114	92,890,808	8.4%	128,923,427	8.5%	72.1%	67.8%
Finland	Eastern Finland	113	40,374,337	3.6%	56,163,547	3.7%	71.9%	67.6%
Finland	Oulu	39	19,522,814	1.8%	26,850,702	1.8%	72.7%	68.4%
Finland	Lapland	52	5,876,005	0.5%	8,161,005	0.5%	72.0%	67.7%
Total		**596**	**1,111,835,748**	**100%**	**1,513,825,214**	**100%**		

(1) Includes the VAT Facility and assumes that all the Capex Facilities and Reserve Facility are fully drawn.
The figures in relation to the Harbour Loan, the Sisu Loan, the Baywatch Loan and the QueenMary Loan are based on the size of the relevant A piece for the related whole loan on 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 capex drawings and excludes the VAT Facility.

(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 and the Sisu Borrower complies with hard LTV Targets.

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]
Finland	555	384,038,401	34.5%	543,075,214	35.9%	70.7%	67.1%
Italy	11	316,113,713	28.4%	342,430,000	22.6%	73.7%	73.7%
France	1	268,156,667	24.1%	422,000,000	27.9%	63.0%	59.3%
Germany	29	143,526,968	12.9%	206,320,000	13.6%	68.3%	66.8%
Total	**596**	**1,111,835,748**	**100%**	**1,513,825,214**	**100%**		

(1) Includes the VAT Facility and assumes that all the Capex Facilities and the Odin Reserve Facility are fully drawn.
The figures in relation to the Harbour Loan, the Sisu Loan, the Baywatch Loan and the QueenMary Loan are based on the size of the relevant A piece for the related whole loan on 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 capex drawings and reserve drawings and excludes the VAT Facility.
(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 and the Sisu Borrower complies with hard LTV Targets.

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	86	765,627,334	68.9%	1,025,696,490	67.8%	68.1%	65.9%
Retail	187	241,519,360	21.7%	333,424,222	22.0%	72.3%	68.2%
Industrial	26	10,498,489	0.9%	14,682,837	1.0%	71.5%	67.3%
Mixed Use	8	42,838,041	3.9%	63,000,000	4.2%	66.0%	65.7%
Multifamily	17	820,414	0.1%	1,146,499	0.1%	71.6%	67.3%
Warehouse	2	44,641,478	4.0%	67,840,000	4.5%	65.4%	65.4%
Hotel & Leisure	12	1,014,160	0.1%	1,328,291	0.1%	76.4%	71.8%
Other	258	4,876,472	0.4%	6,706,876	0.4%	72.7%	68.4%
Total	**596**	**1,111,835,748**	**100%**	**1,513,825,214**	**100%**		

(1) Includes the VAT Facility and assumes that all the Capex Facilities and the Reserve Facility are fully drawn.
(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 capex drawings and reserve drawings and excludes the VAT Facility.
(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 and the Sisu Borrower complies with hard LTV Targets.

10. 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 and any Issuer Secured Creditors ranking in priority to any relevant Class of Notes in accordance with the applicable Issuer Priority of Payments) 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 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, 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 be governed by English law (other than the German law governed claims and the trust created over German law governed assets under the Issuer Deed of Charge).

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 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 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 under, *inter alia*, the Trust Deed, the Master Sale Agreement, the Servicing Agreement, the Irish Corporate Services Agreement, the Cash Management Agreement, the Agency Agreement, the Liquidity Facility Agreement, the French Delegation Agreement, the Issuer Swap Agreements (subject to any rights of set-off or netting provided for thereunder) and the Swap Guarantees;

(d) 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 Share Capital 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);

(e) 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);

(f) 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); and

(g) 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 Share Capital 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)-(g), 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 Loan.

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 11 (*Events of Default*)), 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 Agreements; (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, into which

the Issuer will deposit €50,000 on the Closing Date. No other class of Noteholders or any 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 11 (*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 (xv) 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 Interest Payment Date falling in 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 Interest 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, the 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 E 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 E Notes, and the available funds after the payment of interest on all other Classes of Notes. 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;

(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 does not 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 does not 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.

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 of law from that in effect on or about 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 Share Capital Account	"**Issuer Share Capital 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 French Master Servicer or any Delegate Master Servicers thereof (as applicable). The General Master Servicer (with the assistance of the French Master Servicer and any Delegate Master Servicers and on the basis of the information given by the Italian Cash Manager to the Issuer as holder of the Italian Notes) 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 French Master Servicer and any Delegate Master Servicers and on the basis of the information given by the Italian Cash Manager to the Issuer as holder of the Italian Notes) 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*".

11. **Application of Funds**

Principal source of funds

The payment of principal and interest by

(a) the Borrowers under the Loans (with the exception of the Italian Loan); and

(b) 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 Transaction Account and into the Tranching Accounts

On or shortly after each Interest 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 Sisu Whole Loan, the Baywatch Whole Loan, the QueenMary Whole Loan and the Harbour 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 Transaction Account;

(b) in respect of the Sisu Whole Loan, to a separate tranching account (the "**Sisu 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 B Piece in accordance with their then respective shares of the Sisu Whole Loan;

(c) in respect of the Baywatch Whole Loan, to a separate tranching account (the "**Baywatch 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 B Piece in accordance with their then respective shares of the Baywatch Whole Loan;

(d) in respect of the QueenMary Whole Loan, to a separate tranching account (the "**QueenMary 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 B Piece in accordance with their then respective shares of the QueenMary Whole Loan; and

(e) in respect of the Harbour Whole Loan, to a separate tranching account (the "**Harbour Tranching Account**") and together with the Sisu Tranching Account, the Baywatch Tranching Account, the QueenMary Tranching Account and the Harbour 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 B Piece in accordance with their then respective shares of the Harbour 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 and Date Adjustment 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 which are payable by the Issuer) to the Issuer from the relevant Tranching Account to the Issuer 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 Italian Transaction Account

On or shortly after each Interest Payment Date under the facility agreements with respect to the Italian Loan (the "**Italian Loan Agreement**"), an amount in respect of interest, principal and fees and other amounts then due and payable by the Italian Borrower under the Italian Loan will be transferred from the Italian Borrower's account to the Italian Transaction Account. Amounts credited to the Italian Transaction Account will be used, subject to the relevant Italian Priority of Payments, to pay amounts due and payable under the Italian Notes by crediting for so long as the Issuer holds the Italian Notes, such due and payable amounts to the Issuer 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 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 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 and Swap Amounts; and where the aggregate of such Issuer Interest Collections and Swap Amounts are insufficient, Issuer Principal 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, 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 or LBF, as the case may be, in respect of a Relevant Loan which has been repurchased/purchased by the relevant Originator or LBF, as the case may be, 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 or LBF, as applicable, pursuant to the related Loan Sale Agreement following the repurchase/purchase of the Relevant Loan by the relevant Originator or LBF, as applicable, which amount is payable by the Issuer to such Originator as a result of such repurchase/purchase ("**Principal Priority Amounts**").

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;

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

(d) the Consideration Reimbursement Amount, if any, in respect of such Payment Date;

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

(f) 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:

(a) *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;

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

(c) *third*, to pay to the Swap Providers, any swap breakage costs payable in accordance with and pursuant to the terms of the Issuer Swap Agreements (but excluding any Subordinated Swap Payments to be paid to the Swap Providers pursuant to the terms of the Issuer Swap Agreements and in accordance with item (m) 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 or the Date Adjustment 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;

(d) *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 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 but at the same time excluding: (1) any 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 (m) below) including any arrears of amounts payable by a 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*";

(e) *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;

(f) *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;

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

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

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

(h) *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;

(i) *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;

(j) *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;

(k) *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;

(l) *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;

(m) *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 Issuer Swap Agreements in respect of any payments due and payable by the Issuer following an early termination of the relevant Issuer 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) or as a result of an Additional Termination Event (as that term is defined in the relevant Swap Agreement) which is a rating downgrade event, in respect of which the Swap Provider is the sole Affected 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 or Date Adjustment 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**");

(n) *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**"); and

(o) *fifteenth*, in payment to LBF of the amount equal to the lesser of (i) the Consideration Reimbursement Amount in respect of such Payment Date; and (ii) the then Available Interest Collection after application of Available Interest Collections towards the payment of all amounts outstanding pursuant to (a) to (n) above (excluding (vii)(b)) (the "**Additional Deferred Consideration**").

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 and on the basis of information given by the Italian Cash Manager to the Issuer as holder of the Italian Notes), 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, the Release Amounts 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 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 (i) more than 15 per cent. of the aggregate principal amount outstanding of the Loans (as at the Closing Date) or (ii) not less than 3 Loans (without double counting) 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 relevant Odin Special Principal Payment Date, the then Odin Remaining Advance Amount (if any);

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

(d) on the Baywatch Special Principal Payment Date, the then Baywatch Remaining Capex Advance Amount (if any); and

(e) if prior to the relevant Special Principal Payment Date any capex facility under the applicable Loan or the Odin Reserve Facility is cancelled, the amount then standing to the credit of the relevant Capex Reserve Account (or the Odin Reserve Account, as applicable) on the next following Payment Date,

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:

(a) first, *pro rata* and *pari passu*:

(i) 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 Italian Loan);

(B) in respect of any Loan (other than 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

(ii) 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 (a) of the relevant Italian Priority of Payments);

(iii) 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;

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

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

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

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

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

(g) *seventh*, 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:

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

(i) 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 Italian Loan);

(B) in respect of any Loan (other than 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

(ii) 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;

(iii) 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;

(b) *second*, 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):

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

(ii) 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;

(iii) 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

(iv) 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

(v) 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,

(vi) 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.

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 surplus 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 Italian Loan);

(b) receipt of funds from the Swap Providers under the Swap Agreements; and

(c) 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 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 and the French Loan Issuer Pledge which will be governed by French law).

ERISA and Certain Other

See "*Risk Factors – Considerations Related to the Notes – Certain ERISA and Other U.S. Considerations*" and " *ERISA*

Considerations *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, logistics 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 is 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, expiration of leases, inability to find new tenants in the event of vacancies, 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 may not be paid on the due date or may 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 Interest 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 Interest Payment Date, an event of default may occur in relation to the Loan (a "**Loan Event of Default**"). This may 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 (provided, however, that certain property holding subsidiaries of the Sisu Borrower in respect of which the Sisu Borrower owns less than 50 per cent of the shares (with the properties being held by such Borrowers representing 9.5 per cent of the market value of the Sisu Properties) which may potentially incur additional indebtedness (see "*Risks Relating to the Borrowers - Nature of Borrowers*")) restricts the respective Borrowers from incurring additional indebtedness unless such indebtedness is either (i) incurred under the relevant Finance Documents, (ii) subordinated to the Loans, (iii) constitutes existing debt, (iv) arises as a normal trade credit in the ordinary course of business or (v) is below certain threshold amounts. 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. The Sisu Loan permits the Sisu Borrower to incur additional indebtedness in certain limited circumstances as set out in the Sisu Loan Agreement, including, *inter alia*, as a guarantee/indemnity to the purchaser in connection

with a disposal of a Sisu Property. In addition, the Sisu Borrower has incurred additional indebtedness as of the date hereof in an amount equal to €1,562,440.

Each of the Sisu Loan, the Baywatch Loan and the QueenMary Loan and the Harbour Loan represents the relevant senior tranche or the relevant A Piece of such related Whole Loan to the relevant Borrowers. The B Pieces 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 B Pieces will be in default. The B Pieces 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 may not be fully subordinated for as long as the 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 shall 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 may 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 8 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 Sisu Loan is the largest Loan (by principal balance) and, as at the Cut-Off Date, represents 29.7 per cent. of the Loans (by principal balance). The Haussmann Property is, by value, the largest Property and represents 24.2 per cent. of the net rent per annum of the aggregate net rent per annum of all Properties and 20.1 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 Fortezza II VAT Facility 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 Fortezza II VAT Facility on the relevant Loan Maturity Date may 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 may 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 new and sufficient hedging 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, 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). See "*Certain Matters of German, Finnish, Italian, French and Luxembourg Law" -" Germany" - "Enforcement of German Mortgages under German Law*"

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 Swap Providers, the Swap Guarantor, the Exchange Agent, the Issuer Account Bank, the Italian Issuer, the Italian Cash Manager, 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 or the Italian Notes, following a default under the related Loan or the Italian Notes, including proceeds of any sale or other disposal of the Properties or the Italian Receivables in the case of the Italian Notes, could be insufficient to pay the relevant Loan in full, in which case Noteholders may ultimately suffer a loss.

2. RISKS RELATING TO THE BORROWERS

Nature of Borrowers. The Loan Agreements contain provisions that require the relevant Borrowers to conduct themselves in accordance with certain limited purpose covenants (see "*The Loans - General Description of the Borrowers*"). However, there can be no assurance that such Borrowers will be able to comply with the limited purpose covenants, and, even if all or most of such restrictions have been complied with by any such Borrower, there can be no assurance that any such Borrower will not nonetheless become insolvent.

Certain Sisu Properties are held by companies which are not wholly-owned by the Sisu Borrower. The Sisu Borrower's ability to manage the Properties held by non-wholly owned subsidiaries is limited, and the actions or failures to act of third party shareholders may have an adverse effect on, inter alia, the Sisu Borrower's title to rental income, the relevant subsidiary's title to the property or the maintenance and upkeep of the relevant property. This is particularly the case for the subsidiaries which are not controlled by the Sisu Borrower (i.e. the subsidiaries for which the Sisu Borrower owns not more than 50 per cent. of the shares or controls or is entitled to use (as a result of a statutory limitation of the voting powers or a restriction stipulated in the articles of association) not more than 50 per cent. of the votes or is not entitled to nominate the majority of the board of directors); such subsidiaries own only 9.5 per cent. of the Sisu Properties. The Sisu Borrower is, however, required under the Sisu Loan Agreement to use all reasonable endeavours to procure that no third party shareholder causes such effects. In addition, each of the companies which own Sisu Properties are either housing companies or mutual real estate companies (each a "**MREC**"), including some companies which are not wholly owned by the Sisu Borrower. The third party shareholders of those MRECs may incur debt on behalf of the relevant MREC. That debt is typically allocated to the shareholders of the MREC in proportion to the number of shares in the MREC held by the relevant shareholders. The Sisu Borrower has covenanted in the Sisu Loan Agreement to use all reasonable endeavours to prevent any third party shareholder from increasing the financial indebtedness of a MREC that is not wholly-owned by the Sisu Borrower. Certain MRECs have covenanted to the Sisu Borrower that they shall not incur any additional indebtedness.

The Sisu Properties that are not wholly owned (directly or indirectly through a controlled subsidiary) by the Sisu Borrower have not been mortgaged. However, these properties constitute no more than approximately 14 per cent. of all the Sisu Properties by value and some of these properties are in the process of being sold by the Sisu Borrower.

Employees. One wholly-owned MREC that owns a Sisu Property has one employee, although there is no open-ended pension liability in respect of such employee and there is no voluntary scheme in relation to such employee. Certain subsidiaries that are not wholly controlled by the Sisu Borrower (i.e. the subsidiaries for which the Sisu Borrower owns not more than 50 per cent. of the shares or controls or is entitled to use (as a result of a statutory limitation of the voting powers or a restriction stipulated in the

articles of association) not more than 50 per cent. of the votes or is not entitled to nominate the majority of the board of directors) may have employees.

Employees may assert claims against the relevant Borrower (or owners of the Sisu Properties) arising under or in connection with the employment relationship. The likelihood of potential claims (other than in respect of claims for salaries) and the amount of such potential claims are difficult to predict.

Villa. The GSI Borrower may be obliged to make a payment to the vendor in respect to the villa (the "**Villa**") situated on the GSI Property. Such payment is due in the case the vendor of the GSI Property has refurbished the Villa and has arranged for letting the Villa to a tenant which meets certain conditions contemplated in the sale and purchase contract in relation to the GSI Property and occurs before June 2009. The amount payable by the GSI Borrower to the vendor amounts to 16.524 times the gross annual rent of any tenant. The GSI Loan Agreement requires the GSI Net Group Cash Available needs to be at least twice the estimated payment obligation of the GSI Borrower in respect of the Villa. If the Security Agent is not satisfied that the GSI Net Group Cash Available is at least twice the estimated payment obligation, then the GSI Borrower must post a letter of credit to secure such payment obligations.

The City of Halle can impose certain measures on the GSI Borrower because the Villa is situated in a redevelopment area. The vendor is obliged to indemnify the GSI Borrower for such repairs until such time as the property is refurbished. Furthermore, the Originator was advised that the City of Halle is barred from imposing building measures on the property owner which incur uneconomical costs, and given the Villa is unlet, it could be argued that it would be uneconomical to impose measures on this building. Further, a reserve of EUR 250,000 was retained from the drawdown of the GSI Loan to meet the cost of any refurbishment that the City of Halle may require.

The GSI Sponsor and its subsidiaries acquired 83.26% of the limited partnership interests in the GSI Borrower upon execution of the GSI Loan Agreement. A further 10.6% of these interests may be acquired after December 2007 due to a put-option granted to some of the limited partners. To meet the respective payment obligations, an amount of EUR 2,401,366.30 was deposited in the GSI Deposit Account. The remaining 6.14% of the limited partnership interests may, due to a further put-option, be acquired 5 years after the execution of the GSI Loan Agreement, and the GSI Net Group Cash Available must be twice the amount needed to make this payment. If this is not the case, then the GSI Borrower must procure that a letter of credit is made available.

3. RISKS RELATING TO THE PROPERTIES

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

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, possibly, 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 may, inter alia, be dependent on the parties' ability to agree upon the open market value of the property or the determination by the authority or state. 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) (*Mandatory Redemption from Available Principal Prepayments, Available Amortising Payments, Available Final Principal Payments and Available Principal Recovery Proceeds)* 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.

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. redevelopment areas, reallocation areas or nature protection areas or which are protected monuments, other pre-emption rights of authorities may also apply. See "*Considerations Related to the Relevant Jurisdictions*" - "*Germany*", "*Monument Protection and*

comparable restrictions" below. These pre-emption rights exist typically when the relevant real property is deemed useful or required for certain public purposes (such as e.g. for public general development) 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 and purchaser of the relevant Property.

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*", "*Considerations related to the Relevant Jurisdictions*" - "*Germany*" and "*Register of Contaminated Sites and Environmental Issues*", "*Considerations related to the Relevant Jurisdictions*" - "*Finland*" for a description of the scope 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.

Risks Relating to Residential Properties. The Sisu Properties contain residential properties and the QueenMary Properties and the Baywatch Properties contain units of commercial properties that may be used at least partly for residential purposes ("**Residential Units**") and the rental income in respect of such residential properties and Residential Units represents 1.25% of the rental income of the Loan Portfolio. The income derived from the Residential Units in respect of the QueenMary Properties represents 6.57% of the rental income of the QueenMary Properties and the income derived from Residential Units in respect of the Baywatch Properties represents 7.1% of the rental income of the Baywatch Properties. 17 Sisu Properties are residential properties and represent 1.3% of the rental income derived from the Sisu Properties. 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 may 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 may 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.

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 due diligence 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 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 or LBF, as applicable to repurchase the Loan notwithstanding any other remedies available to the Issuer and/or the Note Trustee if the Originator or LBF, as applicable fails to repurchase (at such Originator's or LBF's expense) any applicable Loan when obligated to do so.

Sufficiency of Insurance. Although the 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 relevant Lender or the relevant Security Agent (or, in the case of the GSI Loan and the Harbour Loan, the facility agent or complying with certain existing requirements (as applicable), including the requisite rating requirement. Under the Italian Loan Agreements, the insurance company shall have a rating of at least A/A2/A (S&P, Moody's, Fitch). 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 public liability risks (other than the Harbour Borrower) and 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. The GSI Property and one of the Baywatch Properties are exclusively or predominantly leased to one tenant or tenants in the same corporate group. Some of the Sisu Properties are likely to be occupied by a single tenant. Out of 133 Sisu Properties individually assessed for valuation, 23 were occupied by a single tenant. The Haussmann Property is currently occupied by two investment grade tenants, the GSI Property is leased to the German federal state (*Bundesland*) government of Sachsen-Anhalt and the Fortezza II Properties are currently let to four government entities of the Republic of Italy (which represent 28.4 per cent. of the Loan Portfolio by annual rental income).

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 is 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 may affect net absorption of commercial and retail space and increases in rental rates. A weakening of the retail and/or 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 may also affect operating income. The loan to value ratio, interest cover ratio and debt service coverage covenants in the Loan Agreements, to the extent applicable, 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 the relevant 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 may 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.

Commercial Property Lending Risk. 99.9 per cent. of the Loans based on 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. 46.8 per cent. of the portfolio, 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 may 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.

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 may be unable to meet their obligations under such Loans.

4. CONSIDERATIONS RELATED TO THE RELEVANT JURISDICTIONS

4.1 Germany

Title to Real Property Rights. All German Properties are freehold properties. One QueenMary Property (representing 2.32 per cent. of the total market value of the QueenMary Properties) is held as partial ownership (*Miteigentum nach Bruchteilen*) and a part of a QueenMary Property consists of and is held as condominium shares. Condominium structures in particular, but also partial ownership and co-ownership, may lead to additional administrative burdens and pre-emption rights possibly applying may delay the sale of the relevant units. One QueenMary Property may not be used for residential purposes according to the partition deed (*Teilungserklärung*).

As at the date of this Prospectus, legal ownership has been obtained by the relevant Borrowers under the German Loans in relation to all but one QueenMary Property (representing 6.86 per cent. of the total market value of the QueenMary Properties), all Baywatch Properties and the GSI Property. In relation to one QueenMary Property, the relevant Borrower is not yet registered in the relevant land registers and will not become legal owner of such QueenMary Property on the Closing Date, as legal ownership will only pass to the relevant Borrower once he is registered in the land register. For such QueenMary Property a priority notice of conveyance (*Auflassungsvormerkung*) securing the relevant Borrower's claim to transfer of title has been registered in the relevant land register. See *"Considerations related to the Relevant Jurisdiction - "Germany" -"Senior Ranking Encumbrances" and " - Subsidised Properties"*.

Mortgage Registration. As at the date of this Prospectus, mortgages over the relevant German Properties (the "**German Mortgages**") were registered over all Baywatch Properties, all QueenMary Properties and the GSI Property, in each case first ranking in section III of the land registers except for an additional German Mortgage in the amount of €1,650,000 over three Baywatch Properties. Such German Mortgage was created to secure the Baywatch Capex Advance and was registered only ranking junior to the German Mortgage which has already been registered previously for the benefit of the relevant Security Agent. For German Mortgages which are certificated mortgages (*Briefgrundschulden*) either the relevant Security Agent or its counsel on its behalf hold 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.

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. Such encumbrances may, if and to the extent they limit the relevant owner's right to make use of the property, affect the value of the property. All such senior ranking encumbrances will have to be assumed by a purchaser also in a compulsory sale or any other sale. See section "*Considerations related to the Relevant Jurisdiction*" - "*Germany*", "*Enforcement of German Mortgages under German Law*".

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 pipelines or underground structures or to use way leaves or parking space or to request that certain uses are not carried out on the encumbered real estate. The assessment of the impact of such encumbrances (in accordance with the common approach in this respect) has generally been based in the Legal Due Diligence Reports on limited information contained in the land register excerpts and no review of the actual impact has been carried out. However, issues which are apparent from inspections and research should have been reflected in the valuations and in the structural and environmental reports.

A number of other rights set out in the Legal Due Diligence Reports may also have an impact on the use and/or value of the relevant Property. Two Baywatch Properties (representing 14.5 per cent. of the total market value of the Baywatch Properties) are encumbered by a right to nominate residential tenants (*Wohnungsbesetzungsrecht*) granted to a third party. Such rights limit the relevant Borrowers ability to make use of such German Properties and to select tenants. On the other hand, they usually ensure that the German Properties are newly let once a unit becomes vacant. The GSI Property is encumbered by a redevelopment notice (*Sanierungsvermerk*) due to the fact that it is located in an area designated as a redevelopment area (*Sanierungsgebeit*). In particular, any transfer encumbering or letting of the GSI Property require the relevant authority's consent and may therefore have an adverse affect on the Borrowers' ability to use or sell the properties. See "*Restrictions under German Planning Law*" below.

Public Building Charges. Several German Properties are encumbered by 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*), have to be available for, *inter alios*, escape routes, constructions limitations apply or a number of parking lots have to be available for adjacent properties. In relation to one QueenMary Property, registration of a building charge is still outstanding.

Agreements with Owners of Adjacent Properties, Municipalities or other Third Parties. In relation to some German Properties agreements with municipalities, neighbours, utility companies or other third parties may, *inter alia*, 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 impose on the relevant Borrower accepted certain limitations or covenants, in particular to maintain certain installations at its own costs. In many instances, the respective Legal Due Diligence Reports do not contain a detailed analysis of, e.g. such arrangements and the costs and liabilities a Borrower might incur.

Encroachments. One QueenMary Property (representing 5.2 per cent. of the total market value of the QueenMary Properties) encroaches upon other properties, while two other QueenMary Properties (representing 10.8 per cent. of the total market value of the QueenMary Properties) are encroached upon by neighbouring properties. Under German statutory law the owner of the encroached upon property must tolerate the encroachment unless it was caused intentionally or in a grossly negligent manner (*vorsätzlich oder grob fahrlässig*). If an encroachment must be tolerated, the owner of the encroached property is entitled to an annual compensation (*Überbaurente*) in an adequate amount depending on the extent and duration of such encroachment. The owner of the encroached property may waive his compensation claim, such waiver only being valid if registered in the land register. Furthermore, the relevant owner of the encroached property may request at any time that the owner of the encroaching property buys the relevant part of the encroached property at an adequate purchase price. As a consequence, unexpected costs may be incurred for the relevant Borrower if one of his buildings encroaches onto a neighbouring property.

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.

The landlord may only charge ancillary costs to the tenants under certain restrictions some of which may in particular apply to clauses being general terms and conditions and 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 and insurance premiums. In some 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 maintenance and repair of common areas or facilities and costs of management/property administration in general terms and conditions if the costs are capped. As various lease agreements do not contain such caps, the corresponding costs may not be recovered from the tenants. Costs for maintenance and repair of common areas or facilities and management and property administration (except for the services of a caretaker) cannot be passed on to residential tenants. See "*Maintenance and Repairing Obligations*" below.

If costs are not chargeable to a tenant under the relevant lease agreement, the tenant may also be entitled to claim repayment of costs already paid by it in the past. If the limitations applying to the Borrowers' ability to recover costs are not reflected in the financial planning, such costs may affect the ability of the Borrower to pay under the respective Loan.

Void Lease Agreements. A lease agreement entered into in relation to a Baywatch Property (representing 21.5 per cent. of the total rental income of the Baywatch Properties) contains an obligation of the Borrower to offer the purchase of such property to the tenant if the relevant Borrower wishes to sell it. Such obligation would have had to be notarised and, as such notarisation has not taken place, the entire lease agreement containing the obligation to offer the property for purchase might be void. Although there are strong reasons to believe that the lease is binding, it cannot be excluded that the Borrower's rights and claims under the lease are not legally binding.

Transfer of Lease Agreements to Borrowers. The lease agreements are transferred in the course of acquisition of a property by operation of law to the purchaser upon its registration as new owner in the land register. Prior to that, rights and claims under the lease agreements are usually assigned to the

purchaser under the property sale and purchase agreements. A Borrower will only become the new landlord by operation of law if, *inter alia*, the vendor also was the landlord under a lease. In relation to several leases for certain QueenMary Properties it is unclear whether the vendor was the landlord under the lease and, therefore, it is not entirely clear whether such Borrower has become the landlord.

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 to 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. For some Baywatch Properties, some QueenMary Properties and the GSI Property indications of the non-compliance of leases have been identified and it cannot be excluded that tenants may 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 due to a defect in written form 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 Baywatch 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.

Subsidised Properties. None of the German Properties are currently subsidised. Two of the Baywatch Properties were previously subsidised and the restrictions deriving from such subsidisation remain in place for several years time[1], even after the subsidised loan has been repaid. In particular the ability to increase rents may be restricted and there are tenant nomination rights to nominate residential tenants encumbering the relevant Properties in favour of third parties (see paragraph "*Senior Ranking Encumbrances*" above).

Tenants' Pre-Emption Rights and other Specific Tenants' Rights. One lease agreement relating to a Baywatch Property contains the relevant landlord's obligation to offer the Property to the tenant for purchase in case of a sale. As this right has not been notarised, it is probably invalid (see also "*Void Lease Agreements and Transfer to Borrowers*" above). However, if valid, such rights may affect the Borrowers' ability to make use of the relevant Property.

Maintenance and 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 obliges the landlord to maintain the leased premises in proper letting condition and to carry out maintenance and repairs at its own expenses unless the relevant lease

[1] According to the Controlled Tenancies Act (Wohnungsbindungsgesetz) in principle for a maximum period of 10 years.

agreement provides for a valid and binding obligation of the tenant to make such repairs. Under the lease agreements, the tenants are generally not obliged to carry out all maintenance or repair works and/or such obligations are not validly agreed. Therefore, the Borrowers may incur costs for maintenance and repairs. 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*). Certain courts considered clauses relating to objects only to be valid, if the tenants' obligation is limited to a certain amount 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 and further limitations have to be taken into account by the landlord in such clauses. As many lease agreements in relation to the German Properties do not contain such limitations and/or the clauses obliging the tenants have not been individually negotiated but represent general terms and conditions proposed by the landlord, 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, some leases may not take into account the restrictions. Also, 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. In such cases the Borrowers' ability to 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 proposed by the landlord 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 Federal Court of Justice has recently ruled that a provision in a lease agreement requiring the tenant to renovate the leased premises upon its return to the landlord regardless of the actual condition is not valid. 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 during the leases' term or upon termination of the lease. 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 Reports for the Baywatch Properties refer to rent arrears which may involve considerable amounts in relation to certain tenants, whereas for the GSI Property the Legal Due Diligence Report does not contain any such reference. The rent arrears disclosed relate to periods prior to the making of the relevant Loans and therefore would not affect the relevant Borrower's cash flow. 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 their payment obligations under the relevant Loans.

The QueenMary Legal Due Diligence Report and one Baywatch Legal Due Diligence Report 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 and comparable restrictions. This means that external alterations and refurbishments are more difficult to carry out or required in a specific form, 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 Baywatch Property (representing 8 per cent. of the total market value of the Baywatch Properties) and four QueenMary Properties (representing 17.8 per cent. of the total market value of the QueenMary Properties) and a part of the GSI Property (villa building) 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. One QueenMary Property (representing 0.6 per cent. of the total market value of the QueenMary Properties) is located nearby a monument which may lead to the requirement that construction measures must be coordinated in order to protect the monument. One Baywatch Property (representing 5.3 per cent. of the total market value of the Baywatch Properties) is located within the area of a preservation statute (*Erhaltungssatzung*) and a design statute (*Gestaltungssatzung*) causing certain restrictions for building measures in order to ensure a certain homogeneity in the appearance of the relevant area.

One Baywatch Property (representing 8 per cent. of the total market value of the Baywatch Properties) (which is also protected as monument) is located in a potential archaeological area. Constructions works may not be permitted if they negatively impact the archaeological site. Also, the works may be delayed if the relevant authority requires archaeological investigations. Similar restrictions may apply to one QueenMary Property (representing 5.2 per cent. of the total market value of the QueenMary Properties) where in the course of construction works artefacts might be found which may lead to the relevant real property becoming a protected monument.

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*). 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. Four Baywatch Properties (representing 67.6 per cent. of the total market value of the Baywatch Properties) and two QueenMary Properties (representing 22.4 per cent. of the total market value of the QueenMary Properties) and the GSI 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.

Two Baywatch Properties are located in areas which were subject to mining activities in the past and it cannot be excluded that damage to such Properties due to prior mining activities may occur. One QueenMary Property is located in a well protection area (*Heil-und Quellenschutzgebiet*). Therefore any future construction measures need to be co-ordinated with the competent authority for water supply.

4.2 Finland

Due diligence in respect of the Sisu Properties

Due to the large number of Sisu Properties (553 as of the Cut-Off Date), legal due diligence, environmental due diligence, technical due diligence and valuation were not carried out for all Sisu Properties. The legal due diligence was limited to 44 Sisu Properties (representing 63.2 per cent. of the total market value of the Sisu Properties, calculated as a percentage of the aggregate loan allocation for the relevant properties of the aggregate amount of the Sisu Whole Loan). Environmental due diligence was conducted with respect to 87 Sisu Properties (representing 12.9 per cent. of the total market value of the Sisu Whole Loan) based on review of a due diligence report prepared for the vendor of the Sisu Properties (comprising of phase 1 and/or phase 2 investigations) (the "**Sisu Environmental Vendor Due Diligence Report**") with certain additional confirmatory due diligence (the "**Sisu Environmental Due Diligence Report**"). 28 Sisu Properties for which the Sisu Environmental Vendor Due Diligence Report

showed an indicative liability estimate were reviewed in-depth; however, no site visits were performed. The technical due diligence covered 18 Sisu Properties (representing 48 per cent. of the total market value of the Sisu Whole Loan) (the "**Sisu Technical Due Diligence Report**"). For the valuation of the Sisu Properties, 67 Sisu Properties (representing 82.7% per cent. of the total market value of the Whole Loan) were valued individually and 65 Sisu Properties (representing 11.8% per cent. of the total market value of the Whole Loan) were valued based on a desktop basis without site inspections. In the case of the technical and environmental due diligence the potential liabilities related to the other Sisu Properties were mainly evaluated as an aggregate amount.

General Environmental Risks

All Finnish Properties must comply with the Finnish regulations in relation to, *inter alia*, environmental conditions, health and safety. Buildings as well as installations contained therein may violate the relevant statutory provisions or contain building materials detrimental to health. In order to restore compliance with the law, expenditures for the removal, upgrade or substitution of the relevant construction components or installations may be required to be made. Buildings may also be located on contaminated sites. The contamination of soil can cause substantial delays or increased costs to a construction project. The owner of the land may be liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of such properties.

The responsibility for cleaning up any contamination of soil or groundwater is primarily the polluter's. Under the Finnish Environmental Protection Act (86/2000, as amended), as applicable to soil and groundwater contamination resulting from activities having taken place on or after 1 January 2004, the responsibility for any contamination shall be the polluter's, unless (i) if the polluter cannot be established or reached, or cannot be prevailed upon to fulfil its treatment duty, and (ii) if the pollution has occurred with the consent of the holder of the area (being the owner of the property or the tenant, as the case may be) or said holder has known, or should have known, the state of the area when it was acquired, said holder of the area shall restore the soil and groundwater in so far as this is not clearly unreasonable. To the extent that the holder of the polluted area cannot be required to rehabilitate the area, the liability would generally be attributed to the municipality. In case the said contamination has resulted in from activities that took place prior to 1 January 2004 the Finnish legal status is not entirely clear and, thus, it cannot be excluded that the holder of the property is held liable for remedial actions even though the actual polluter were known and financially capable of assuming the clean up cost.

In terms of cost, the most substantial type of environmental liability is the public law liability (i.e. a duty imposed by a public authority) for remediation of contaminated soil and/or groundwater. The attribution of this liability is in the discretion of the relevant authority (the respective Regional Environment Centre) in accordance with applicable laws.

Civil law liability rules provided under the Finnish Act on Compensation for Environmental Damages (737/1994, as amended) ("**Environmental Damages Act**") apply to cases where environmental damage has occurred after 1 June 1995. The Environmental Damages Act is based on strict liability and therefore, liability for such damage arises even if the damage has not been caused deliberately or negligently (which is required for environmental damage occurred before 1 June 1995). Furthermore, the liability arises if the causality between the activities and the damage is probable whereas full causality is required with respect to damages that have occurred before 1 June 1995. In accordance with the Environmental Damages Act, liability for compensation lies with a party (i) whose activity has caused the environmental damage; (ii) who is comparable to the person carrying out the activity (such as the parent company); and (iii) to whom the activity has been assigned (i.e., the buyer of the polluting business) if the buyer knew or should have known, at the time of the assignment, about the loss or the nuisance or the threat of the same. Damage can be caused by activities carried out in a certain area resulting from: (1) pollution of water, air or soil; (2) noise, vibration, radiation, light, heat or smell; or (3) other similar nuisances. The responsible party will pay the costs of environmental damage to people or property, or economic losses. Additionally, the Environmental Damages Act requires compensation for the costs of reasonable measures taken to prevent or limit environmental damage and for clean-up and restoration of the environment to its previous state.

Environmental Risks in respect of the Sisu Properties

Pursuant to the Sisu Environmental Due Diligence Report 23 Sisu Properties (representing 3.5 per cent. of the Sisu Whole Loan) were located, and 20 Sisu Properties (representing 2.2 per cent. of the total market value of the Sisu Properties) were likely to be located, on partly contaminated sites. Asbestos containing materials (ACMs) were found on 12 Sisu Properties (representing 3.1 per cent. of the total market value

of the Sisu Properties) and were found likely to exist on eight Sisu Properties (representing 0.6 per cent. of the total market value of the Sisu Properties), more than half of such Sisu Properties being located on contaminated soil. Pursuant to the Sisu Technical Due Diligence Report ACMs were further found on 2 Sisu Properties (representing 3.1 per cent. of the total market value of the Sisu Properties) and were suspected to exist on three Sisu Properties (representing 9.8 per cent. of the total market value of the Sisu Properties). Pursuant to the Sisu Environmental Due Diligence Report 17 Sisu Properties, all of which were intended to be sold, were stated to have a high level of environmental liabilities that could entail significant costs. The aggregate likely future environmental costs in respect of the Sisu Properties (excluding seven Sisu Properties in respect of which no information was available) were estimated at EUR 6,000,000 and the maximum future environmental costs were estimated at EUR 14,000,000. In respect of a number of Sisu Properties covered by the Sisu Environmental Due Diligence, further investigations were recommended. Such aggregate likely future environmental costs have been taken into account in the valuation of the Sisu Properties.

The Sisu Technical Due Diligence Report indicated the likelihood of the presence of polychlorinated biphenyls (PCB) on two of the inspected Sisu Properties (representing 5.4 per cent. of the total market value of the Sisu Properties) and the Sisu Environmental Due Diligence further indicated the likelihood of the existence of PCB on nine Sisu Properties (representing 0.4 per cent. of the total market value of the Sisu Properties) and of lead on nine Sisu Properties (representing 0.3 per cent. of the total market value of the Sisu Properties). Pursuant to the Sisu Technical Due Diligence Report, some repairs were considered necessary to keep certain of the inspected Sisu Properties in fair technical condition for a building of its construction year. The total maintenance cost in respect of the Sisu Properties for the period of 2006-2010 was estimated at EUR 16.8 million.[2] However, the potential liability and maintenance costs in respect of the environmental risks related to the Sisu Properties has been taken into account in the valuation thereof.

Environmental and Structural Risks in respect of the Odin Property

ACMs were found on the Odin Property in unbroken materials. As ACMs are currently not considered to constitute a health risk when found in unbroken materials which are in normal use, no explicit legal obligation exists to remove ACMs unless they are found hazardous to health (loose or friable). Samples of PCB and lead were found on the Odin Property. However, there is no regulatory requirement in Finland to remove such materials and this should only be relevant in the event of demolition and a matter of proper waste management.

There was a minor oil leak on the Odin Property in March 2007 due to an accidental fuel oil leak resulting in a nearby ditch area owned by the City of Espoo being heavily contaminated. The contaminated soil has been removed and replaced with clean soil. The investigations and necessary further actions have been supervised by the environmental authorities of the City of Espoo. The vendor of the Odin Property has assumed liability for the remediation costs and an amount equal to EUR 200,000 has been withheld from the Odin Loan granted to the Odin Borrower pending the completion of such remediation.

A soil investigation was conducted in 2000 with respect to a certain part of the Odin Property as a result of the historical use of a certain building. The investigation suggested that there was partial oil contamination. According to the vendor environmental due diligence report that was prepared in respect of the Odin Property, so long as the land use does not change and so long as there are no excavations in the contaminated area, clean up will not be needed.

The Länsi-Uusimaa Rescue Centre observed insufficiencies in the fire safety in the buildings on the Odin Property during fire inspections in March 2007, especially concerning the accessibility of the emergency exits located in the back of the buildings. A new inspection was to be held later in 2007 in order to check that the relevant insufficiencies have been corrected. Each tenant has been separately informed of the insufficiencies of the fire safety in the respective premises and the necessary actions for each tenant to correct the insufficiencies.

Financial assistance rules and corporate benefit requirement

The security granted by certain Finnish security providers is limited by a general limitation that limits the scope of the security if the grant of such security would be contrary to certain mandatory provisions of the

[2] The estimate includes approximately 37 properties that are not Sisu Properties.

Finnish Companies Act (624/2006, the "**Finnish Companies Act**"). Pursuant to the Finnish Companies Act, a Finnish limited liability company is prohibited from providing loans, assets or security for the purpose of a third party acquiring shares in the company or its parent company. Further, the Finnish Companies Act provides that no guarantee or security may be granted by a Finnish limited liability company without commercial grounds (but not any overall group benefit), unless doing so is deemed by the board (based on a good faith best effort assessment) to be in the company's own best commercial interest. In any such assessment, all relevant benefits and risks to the company (but not any overall group benefit) should be taken into account. This general limitation affects all mortgages over Sisu Properties and the Odin Property and all other security granted by the owners of such properties.

Perfection of Security

To allow the day-to-day operations relating with respect to the properties, the pledges of certain Finnish bank accounts will not be perfected until the occurrence of an event of default. Until the pledge is perfected, the borrower may dispose of funds standing to the credit of such accounts. Distributions from these accounts are, however, limited by the relevant loan agreement and/or the intercreditor agreement. There is legal uncertainty in Finland as to whether a pledge over a bank account is considered perfected if after the delivery of a notice of pledge to the account bank the pledgee is obliged to withdraw funds in the bank account and apply such funds *inter alia* to satisfy claims of third parties.

An unperfected pledge may be ineffective against third party creditors of the pledgor. Should insolvency proceedings be initiated against the pledgor within three months after the perfection of such pledge, the pledge may be clawed back, in which case the pledge would be deemed void.

Further, under Finnish law, a pledge of receivables is perfected by giving notice to the underlying debtor and instructing the debtor to make payments in respect of such receivables only to the relevant pledgee or to a third party sufficiently remote from the pledgor. Generally, a bank account of the pledgor pledged to the pledgee is also considered acceptable for the payment of pledged receivables so long as the pledge over such bank account is duly perfected. The rental income in respect of the Finnish properties shall be credited to bank accounts which are pledged but either the perfection of such pledge will not occur until the occurrence of an event of default or the effectiveness of the perfection is uncertain. It is possible that such delayed perfection makes the pledge of rental income susceptible to clawback.

There is legal uncertainty in Finland as to whether a pledge of rental income should be perfected individually for each payment after such payment has been earned by attaching a notice of the pledge to each invoice. The pledge agreements related to the Odin and Sisu Loans do not require the giving of such notices. It cannot be ruled out that in the event that the relevant security provider is declared bankrupt the pledge of rental income is held ineffective against third party creditors due to the failure to deliver such notices.

Easements

Under Finnish law, certain easements may, under certain circumstances, be established on real estate plots or buildings without the consent of the owner. Easements may have a negative effect on the commercial value and security value of the relevant property.

Real estate easements include the right to (i) extract household water, (ii) install equipment related to household water and sewage of an another property, (iii) use a parking space or a harbour, (iv) extract soil or rocks and (v) create an area required for transportation. With the consent of the owner, an easement may be established for the building or buildings related to civil defence, waste management or a heating plant.

Under certain circumstances, building easements may be established without the consent of the owner. Building easements include the right to (i) use the foundations or a wall of the building to support a building on an adjoining property, (ii) run wiring or piping through the building and install related equipment, (iii) use a building's passage, shelter or parking space, (iv) use a heating facility or a waste disposal facility located on the encumbered real estate, (v) use premises designated as common premises that are located on a building on the encumbered real estate, (vi) make doors or other holes in the wall of a building or to leave firewalls between buildings unbuilt and (vii) construct the roof of a building so that water flows to the encumbered real estate and through it.

As 14 per cent. of the Sisu Properties (by value) are owned by MRECs that are not controlled by the Sisu Borrower, the Sisu Borrower may be unable to prevent the establishment of voluntary easements (in

respect of such properties). The owner of a property is generally entitled to compensation in respect of an easement created without such property owner's consent.

Pre-emption rights

Finnish law provides for a general pre-emption right to be granted to municipalities. Under the Finnish Pre-emption Act (608/1977), a municipality has a right of first refusal to purchase a real estate property located within the municipality area on the same terms and conditions as a third party purchaser under an executed sale agreement. Generally, the municipality may use its pre-emption right only to acquire land for civil engineering and for conservation and recreational purposes. However, cities of Helsinki, Espoo, Kauniainen and Vantaa are exempted from such limitation. The pre-emption right is subject to certain further conditions and generally applies only if the area of the purchased real estate (to the extent considered as a part of the same purchase) is greater than 5,000 square metres (or greater than 3,000 square metres if purchased by the cities of Helsinki, Espoo, Kauniainen and Vantaa). The pre-emption right only applies to the sale of real estate property and not to a sale of shares in real estate companies.

If the municipality decides to exercise the pre-emption right, it would be obliged to notify the seller, the purchaser and the relevant District Court of its decision within three months from the completion of the sale. If the municipality fails to notify the relevant parties of its intention to exercise its pre-emption right within the above time period, the municipality's pre-emption right will be forfeited.

It is possible for the seller of a real estate property to request the relevant municipality to issue an advance ruling/waiver in the matter of exercise of pre-emption right but the municipality has no obligation to do so. Therefore no certainty can be obtained as to whether or not the municipality will exercise its pre-emption right until after the expiry of the aforementioned three month period. Although in practice municipalities seldom exercise pre-emption rights, the possibility of a municipality exercising this right may have an effect on the market value of the property.

Pursuant to the vendor legal due diligence report prepared in respect of the Odin Property, the City of Espoo is planning to extend the road connected to the Odin Property and it is intended that a part of the Odin Property will be exchanged for a larger land area next to the relevant part of the Odin Property with the possibility to further building rights with the City of Espoo. The Odin Loan Agreement permits the disposal of such part of the property to the City of Espoo so long as no event of default is outstanding under the Odin Loan Agreement or would result from such disposal. The acquisition of the exchanged property shall only be permitted if consented to by the Issuer and such consent may be subject to the condition that the Issuer must receive first ranking security in respect of such exchanging property.

4.3 **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 Italian 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 Italian 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 Loan. The Italian Issuer has already carried out a separate securitisation transaction involving the issue of EUR 131,232,700 Commercial Mortgage Backed Notes due 2014 thereby on 3 August 2007.

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, arrange for the sale of the related Italian Properties rather than the Italian Issuer 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 therefore. If such a situation should arise, the Italian Special Servicer will be required to sell such Italian Property for the price available at the time of such sale.

Withholding on the Italian 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 Law Decree no. 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. 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.

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 that would otherwise have been used to redeem the Italian Notes will be held in the Italian Transaction Account. 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 the Italian Loan (including upon a substitution of the relevant Lender in accordance with Legislative Decree No.40/2007), 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 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.

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 Loan 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. The Italian Loan Agreements provide only some limitations on the right of the Italian Borrower to incur additional debt, including debt which is secured by the Italian Properties, and the Italian Borrower 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:

(a) 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

(b) 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.

Public Nature of the Tenant

Certain rights of the Italian Borrower as owner of the Italian Properties may be restricted insofar as the Italian Properties are leased to tenants which are public administration entities. In particular, whilst the landlord's right to evict a tenant in the event of breach of the relevant lease agreement by the tenant or in the cases provided by law is recognised and enforceable against public administration entities performing their institutional activities in the leased properties, delays or even limitations to the exercise of rights of eviction of the tenants may arise if it can be proved that primary public interests are being or may be prejudiced by such eviction or change of use. In addition, pursuant to article 14 of Law Decree no. 669 of 31 December 1996 as converted into Law no. 30 of 28 February 1997, as amended and supplemented, enforcement procedures (*esecuzione forzata*) in order to obtain payments from the Italian Agenzia del Demanio, the Italian Ministry of Economy and Finance or any other public administration entity may only be commenced after a period of 120 days has elapsed from the date on which the enforceable instrument (*titolo esecutivo*) and a payment request in respect thereof (*atto di precetto*) have been notified to the relevant debtor.

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.

4.4 France

Insolvency of the Haussmann Borrower; Enforcement of Related Security. The Haussmann Borrower and the other parties to the Haussmann 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 Haussmann Loan Agreement, will have certain rights under the Haussmann Loan Agreement if the Haussmann 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.

5. 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 Issuer Share 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 Swap Providers, 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 Cash Manager, the Italian Master Servicer, the Italian Special Servicer, 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, the Note Trustee and the Representative of the Italian Noteholders 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 and (iii) purchasing the Italian Notes and the transactions ancillary thereto. The payments on the 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 and the other Issuer Security Documents, 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 most junior class 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., and LBIE 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 and through its Milan 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 E Notes and/or the Class F Notes as the Interest Amount payable on the Class E Notes and/or 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 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 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 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 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 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:

(a) *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;

(b) *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;

(c) *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; and

(d) *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.

(e) *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 in respect of 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 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 or on the Italian Notes

Subject to the satisfaction of certain conditions, all of the aggregate principal balance of the Loans and/or the Italian Notes may be prepaid prior to their respective stated final Loan Maturity Dates 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 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) 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) 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 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 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 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 Swap Providers, 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 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 €1,000,000,000 but not below €370,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €65,000,000 (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 €370,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €33,300,000 (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 (other than on the first Payment Date) 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(I).

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 risks, the Issuer will enter into the Swap Transactions as described under "*The Liquidity Facility and the Swap Agreements*". However, there can be no assurance that the Swap Transactions will adequately address unforeseen hedging risks.

An Interest Rate Swap Transaction or a Date Adjustment Swap Transaction in respect of any A Piece purchased by the Issuer shall be entered into with respect to the Whole Loan (and not just the associated A Piece), and as a result the Issuer shall be required to make, in accordance with the then relevant Issuer Priority of Payments, payments to the Swap Providers in respect of the Whole Loan (including any termination payments). The Issuer shall be entitled to utilise any amounts standing to the credit of the relevant Tranching Account that would otherwise be distributable to the relevant B Piece Lender to make such payments, and if such funds are insufficient, the relevant B Piece Lender shall be required to make up such shortfall. However, if there are insufficient amounts standing to the credit of the relevant Tranching Account and the relevant B Piece Lender fails to make up such shortfall in a timely manner or

at all, the Issuer may experience delays in recovering such payments or may not receive them at all thereby leading to the potential termination of the relevant Swap Agreements and thus a potential shortfall in amounts able to be utilised to make payments to Noteholders.

In certain circumstances, including where the Issuer or the relevant 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.

Consideration Reimbursement Amounts

Pursuant to the Loan Sale Agreement, LBF may be required to repay, as consideration for the Issuer's purchase of the LBF Loans and the Italian Notes, Consideration Reimbursement Amounts on any relevant Payment Date. However, if LBF fails to make payments of Consideration Reimbursement Amounts to the Issuer on the relevant Payment Date or if LBF becomes insolvent, the Issuer may not receive such Consideration Reimbursement Amounts, which may negatively impact the Issuer's ability to make payments of interest in respect of 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 Labour (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 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 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. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to this Directive. The Issuer will covenant that it will maintain a Paying Agent in a Member State.

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.

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, Finland, 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, FINNISH, ITALIAN, FRENCH AND LUXEMBOURG 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. The enforceable deed granted in relation to the German Mortgage over the GSI Property has to be addressed to the relevant Security Agent prior to enforcement by the issuing notary based on the relevant original assignment agreement available to the Security Agent. Such process will usually take some days and costs of EUR 13,000 plus VAT will be incurred.

If one of the German Mortgages are enforced and all or a part of a 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 relevant 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.

Pursuant to the relevant account pledge agreements, the respective account banks are required to waive their pledges over such bank accounts or agree that the respective pledge of the account bank shall rank junior to the pledge created for the benefit of the relevant Security Agent.

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.

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 (*Bundesgenchtshof*) 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*). The Loan Agreements in respect of the German Loans are governed by English law and these principles should not apply. However, it cannot be excluded that a German court would challenge a foreign judgement obtained in English courts on the basis that such judgement contravenes German public law (*ordre public*).

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.

As a consequence of the German capital maintenance rules, 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 Federal Data Protection Act can result in fines being asserted against the persons (including companies) responsible for such violation and may enable the affected natural person to assert damage claims (if actual damages have occurred) and request deletion of data transferred in violation of the German Federal 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 relevant Security Agent might constitute a breach of the German Federal Data Protection Act on the basis that personal data is transmitted to the relevant Security Agent 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 contract. However, pursuant to new legislation which came into force on 1 July 2007, Section 103 of the German Insolvency Code does not apply to fully disbursed loans after that date.

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 Borrower being a German company 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 proposed by the landlord as general terms and conditions 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 proposed by the landlord, stipulate that the relevant landlord's liability under the lease agreement shall be limited to intent (*Vorsatz*) and gross negligence (*grobe Fahrlässigkeit*). Such 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. Other clauses aiming to limit the tenants' right to retain rental payments or to reduce them may be void. Also, there can be no assurance that all other clauses comply with requirements applying to general terms and conditions. See paragraphs "*Non-recoverable Ancillary Charges*", "*Risks relating to Residential Properties and Maintenance and Maintenance and Repairing Obligations*" below.

Statutory Rights of Tenants. A number of statutory rights of tenants under the leases may affect the net cash flow realised from a German Property or cause delay in the payment of the rental income. Such rights may include (but are not limited to) the following: where a Borrower (as landlord) is in default of its obligations under a lease, the tenant may have the right to retain its rental payments until such default is cured, the rent may be reduced by virtue of law, the tenant may be entitled to terminate the lease for good cause (*aus wichtigem Grund*) and/or the tenant may be entitled to receive damages claims in case of a default of a Borrower under lease or if the use of the lease object is otherwise adversely affected. The exercise of any such rights may affect the ability of the borrower to meet its obligations under the loan.

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 is not disadvantageous to either party, e.g. the clause has to provide for rent increases as well as for decreases. Up to and including 13 September 2007, an authority's consent was usually required for index clauses if the lease's term was less than ten years. Such consent may not be available for all lease agreements in relation to the German Properties. Statutory law applicable from 14 September 2007 onward provides that only leases with a term of at least 10 years may be subject to indexation without separate consent requirements. According to recent jurisprudence, the ten years requirement would not be met if a lease can be terminated due to defect with regard to written form. See "*Early Termination of German Leases due to Defects with Regard to the Requirement of Written Form*" above. Under the new statutory law an indexation clause is binding until a final legal judgement about its invalidity is made. Rent which has been overpaid before such judgement may not be claimed back. It is currently unclear if this also applies to old lease agreements entered into prior to 14 September 2007. In case of such lease agreements the relevant tenant may be entitled to 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*"). Where such agreement on a new index has not been achieved, the landlord may not be entitled to increase the rent.

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 agreements 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. The erection, modification and use of buildings requires a building permit to be granted by the relevant local building authority. Such building permit will only be granted if the proposed project complies with, amongst other things, the applicable planning law (*Bauplanungsrecht*) and building law (*Bauordnungsrecht*). In particular, many urban areas are subject to zoning plans (*Bebauungspläne*) which prescribe *inter alia*, the permitted size and volume of and the use of the relevant buildings and such provisions may restrict the use and development of the Properties. The City of Halle is considering establishing a partial zoning plan that would designate the location of the GSI Property as a judicial centre ("*Justizzentrum*"), which may restrict the use of the GSI Property for other purposes. For parts of one Baywatch Property no permit authorising the current use has been made available. The Property Managers appointed by the Borrowers shall ensure that the Properties are let and used in accordance with the aforementioned provisions.

Furthermore, 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 in particular the sale, encumbrance and letting of German Properties situated in such areas as well as construction, removal, reconstruction and refurbishment measures or the founding or proprietary are subject to special permits by the building authorities or the relevant owner is obliged to preserve a certain appearance of buildings. As a consequence, reconstruction or refurbishment measures as well as letting, the sale or encumbrance may be delayed or even prevented. 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. Other form of by-laws are also possible which need to be observed by the relevant Borrower limiting its ability to make unrestricted use of its real property. Two QueenMary Properties and the GSI Property are located in relevant areas. 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. Under the relevant sale and purchase agreements, the vendors may be responsible to discharge these costs fully or in part. However, such obligation depends on the relevant vendor's ability to pay the costs as the relevant Borrower remains liable vis-à-vis the authorities. Development costs may have to be borne by the respective Borrower in relation to one Baywatch Property and two QueenMary Properties. See "*Enforcement of German Mortgages under German Law*" above.

Non-compliance Issues under German Public Law. Buildings have to be constructed, maintained and used 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.

In addition, defects of German Properties which may represent non-compliance issues have been identified in the Legal Due Diligence Report in relation to one Baywatch Property. 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. See "*Restrictions under German Planning Law*" above

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*)). CIT (including solidarity surcharge) may be levied by way of withholding to the extent lease payments are attributable to moveable assets (such as fixtures, if any) which are let by a non-German resident Borrower at a withholding tax rate of 15.825 per cent. According to the German Business Tax Reform enacted on 18th August 2007, the rate will decrease as from the assessment period 2008 onward to 15.825 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, in addition to CIT, subject to German trade tax (the "**German TT**") (*Gewerbesteuer*). Since German TT is a local tax, German TT rates differ from municipality to municipality in a range of 10 per cent. to 24 per cent (7 per cent. to 17 per cent. as from 2008 onward). For Borrowers with income exclusively derived from leasing and letting of real property, an exemption from German 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 properties or other activities (such as leasing or letting of fixtures) of the Borrowers could result in the exemption being denied.

The deductibility of interest expenses payable under the German Loans are, in general, restricted by certain German tax rules, e.g. the German thin capitalisation rules, both for CIT and German TT purposes. It has to be noted that 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 cannot be excluded that such tax decrees will be withdrawn or amended by the German tax administration. In addition, such tax decrees are not binding on German fiscal courts.

However, the German thin capitalisation rules shall be replaced by the newly introduced "interest barrier rules" from 2008 onward (subject to certain grandfathering rules). According to these rules, interest expenses of a taxpayer exceeding its interest income in the same fiscal year ("**Annual Negative Interest Balance**" or "**ANIB**") will only be deductible up to 30 per cent. of the modified tax EBITDA (i.e. the sum of the taxable profit (determined according to German tax law, however without having regard to the "interest barrier rule") of the taxpayer in the respective fiscal year plus depreciations and interest income less interest expenses.

Certain exemptions from the 30 per cent. limitation will be available and the "interest barrier rules" shall not apply if:

(i) the ANIB does not exceed EUR 1 million (so-called "**Threshold**") of the respective business; whereby the restrictions apply to the entire amount of the ANIB if the ANIB exceeds EUR 1 million (*Freigrenze*); or

(ii) the taxpayer is a single entity which does not belong to a group of companies (stand alone entity); or

(iii) the taxpayer belongs to a group of companies but the taxpayer's equity ratio equals or exceeds the equity ratio of the group (based on the consolidated balance sheet of the group at the end of the preceding financial year).

However, 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 to (a) a major shareholder (i.e. a shareholder with a stake of more than 25 per cent.), (b) a related person to such major shareholder within the meaning of section 1 para 2 of the German Foreign Tax Act (*Außensteuergesetz*), or (c) a third party which has recourse against a major shareholder or a related person to such major shareholder. It is not clear whether cross-collateralisation under the respective structure of each German Loan is detrimental to the application of this exemption.

With regard to the carve-out rule as outlined in item (iii) above, there exists a similar counter-exception as described in the preceding paragraph. Accordingly, the application of the carve-out rule requires an evidence that not more than 10 per cent. of the ANIB is paid to major shareholders, parties related to such shareholder or third parties which have recourse against such shareholder or related parties. However, these restrictions only apply if the underlying liabilities are shown in the consolidated financial statements and, in the case of a payment to a third party, this third party has recourse against a major shareholder which does not belong to the group or a related person to such major shareholder. Again, it is not clear whether cross-collateralisation under the respective structure of each German Loan is detrimental to the application of this exemption.

That part of the ANIB which is not deductible pursuant to the "interest barrier rules" can be carried forward and - subject to the above rules - be deducted in the following years.

The interest expenses which cannot be deducted according to the new rules increase the taxable profit of the respective German Borrower for corporation tax and -if applicable- for trade tax purposes.

The information for the 2005-2006 calendar year indicates that the annual interest payment of each Borrower under the German Loans was less than EUR 1,000,000. Therefore, if each Borrower does not have other interest expenses and the interest payments do not increase in the future, the abovementioned interest barrier rules should not apply to the German Borrowers due to the threshold.

For German TT purposes and if and to the extent German thin capitalisation rules or, from 2008 onward, interest barrier rules do not apply, only 50 per cent. (and from 2008 onward, 75 per cent.) of interest payable pursuant to the relevant German Loan can be deducted from the income.

If a German Borrower qualifies as a partnership from a German tax perspective, such German Borrower is not subject to CIT, but its profit (separately assessed) is allocated to its partners for German CIT purposes. If such German Borrower qualifying as a partnership is carrying on a commercial 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. The use of loss-carry forwards will be restricted further from 1 January 2008 onward. Loss-carry forwards (and non-deductible interest carried forward in accordance with the interest-barrier rules) will (partially) cease to exist if more than 50 per cent. (25 per cent.) of the shares in a company (partnership) are transferred to another shareholder or a group of shareholders which are related to each other.

Transfer Taxes. The sale and the transfer of German real estate is, in general, subject to German Real Estate Transfer Tax (*Grunderwerbsteuer*) (the "**RETT**"). The same applies, in general, if at least 95 per

cent. of the shares/interest in a company/partnership holding real estate are sold respectively transferred. The RETT rate, in general, amounts to 3.5 per cent. of the agreed purchase price (in case of share transfers the real estate value). However, the federal states are entitled to determinate a separate RETT rate, 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 directly 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 by the German Borrowers from other entities is possible only if and to the extent that the German Borrowers provide in turn 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 claimed German input-VAT when it acquired the relevant Property. To the extent the activities of the Borrowers have been focussed as of the starts of its business 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 should be 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 21 May 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 Corporate Income Tax Act (*Körperschaftsteuergesetz*) and Sec. 49 para 1 no. 5 lit. c) aa) of the 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, in general, 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 are subject to and 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 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 General Master Servicer/General Special Servicer should not create a permanent establishment in Germany, and thus the Issuer should not be subject to German TT.

Since the Originators are not German tax residents for VAT purposes, 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.

Notarisation of the share pledges in Basle, Switzerland. Based on a recent publication in German legal literature (Pilger, BB 2005, 1285 ff., the "**Article**"), which was published prior to the notarisation of the pledge of the interest of the GSI Limited Partners and the General Partner in the Original GSI Borrower (the "**Original GSI Borrower**") and the pledge over the shares of Wichford Halle IV Ltd. in the General Partner, there may be a possibility that the notarisation of share pledges in Switzerland may be invalid. The basis for such risk relates to the question as to whether a notarisation in Switzerland is comparable (*vergleichbar*) with a notarisation in Germany. The Article questions the comparability in the light of the education of Swiss notaries, the notarisation procedures and the liability of the Swiss notary.

However, in the case of notarisation of the shares pledges, the issues raised in the Article have been addressed in the following manner:

(a) the share pledges were notarised by a notary in Basel (*Stadt*) and the requirements of the local laws of Basel (*Stadt*) in respect of obtaining authorisation to act as a notary, are prima facie comparable to German notarial requirements;

(b) under German statutory laws, a notary must meet certain procedural standards. For instance, the notary must comply with certain formalities (Rubrum, bound deed, no prior involvement, etc.) and read out (*verlesen*) the content of the deed in the presence of the parties, which have to approve and sign the deed. Furthermore, the notary has to ensure that the parties' intentions are reflected in the deed and advise (*belehren*) the parties as to the legal consequences of the deed. The Issuer has been advised that the comparability with regard to the formal requirements can be obtained by instructing the notary to meet the formalities under German law, namely, to read out the content of the deed and to incorporate in the wording of the deed that those requirements have been met. The Swiss notary concerned with the share pledges is also admitted as German lawyer with the regional lawyers' Chamber of Düsseldorf and as such familiar with the requirements of German law, including procedural law for notarisation and corporate law. As an admitted German lawyer the Swiss notary is obliged to study further developments in German law and he confirmed that he complies with that duty. He is instructed regularly with such notarisations. The respective deeds of the notarised share pledges now evidence that the Swiss notary has, for instance, read out the content of the deed to the persons which have appeared in front of the notary.

Furthermore, taking into account a court ruling of the Upper District Court of Frankfurt am Main (OLG Frankfurt) dated 25 January 2005 (GmbHR 2005, 764 ff.) which confirmed the validity of a notarisation with a notary of the canton Basel (*Stadt*), Switzerland, and the steps taken in order to achieve comparability of the notarisation of share pledges in Basle (*Stadt*), Switzerland, the Issuer believes that the notarisation of the share pledges in Basel (*Stadt*), Switzerland is valid, but cannot entirely exclude that the Federal Supreme Court (BGH) might take a different view.

The GSI Borrower owns Properties representing approximately 3.5 per cent. of the market value of all the Properties in the pool. The ability of the Issuer (through the Security Agent) to enforce the pledges over their shares represents only one method of enforcement of the Security. In particular, neither the risk relating to these share pledges nor the ability of the Issuer (through the Security Agent) to enforce these share pledges impacts the validity of the land charges created in respect of the GSI Properties.

German Residential Properties. 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*" above).

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.

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

Effective Seat of Administration of the Original GSI Borrower. The Original GSI Borrower is established as a limited partnership (*Kommanditgesellschaft*) under German law with its general partner being a German company and one of its limited partner having managing competences being a limited liability company registered in the Isle of Man.

For German legal entities the German Federal Court of Justice (*Bundesgerichtshof*) and a number of German legal authors hold that the full recognition of the legal corporate form is subject to the entity's effective seat of administration (*tatsächlicher Verwaltungssitz*) remaining in Germany. Whether or not the effective seat of administration is factually in Germany as distinguished from its registered office and jurisdiction of formal incorporation is determined based on the facts of the relevant case at hand.

If, at the time of its establishment, the effective seat of administration of a limited partnership is not in Germany, there is a risk that such limited partnership is, under German law, not accepted as a validly existing limited partnership. Instead, the question of whether such entity validly exists (as well as the rules of representation) would be determined in accordance with the law applicable at the place of its effective seat of administration. If, on the other hand, a limited partnership has once been validly established under German law but has later on moved its effective seat of administration outside of Germany the limited partnership is, according to the majority view represented in legal literature and court decisions, deemed to be in a status of liquidation. As long as that status continues, it will be recognised as such. The liquidation status implies that the respective limited partnership's business purpose is modified to liquidation. The liquidator of the partnership is not automatically identical with the entity representing the limited partnership before liquidation.

In the case of the Original GSI Borrower, the fact that the managing limited partner is an Isle of Man entity could indicate that the effective seat of administration is in the Isle of Man. However, the Original GSI Borrower has represented in the GSI Loan Agreement that it is duly established and validly existing as a partnership under German law. In addition, counsel to the Original GSI Borrower has confirmed that (i) the Original GSI Borrower has been duly incorporated as a limited partnership (*Kommanditgesellschaft*) under German law and (ii) the Original GSI Borrower is validly existing under German law although the confirmation has been made the subject of a qualification. Furthermore, the general partner of the Original GSI Borrower is a German GmbH that may not be excluded from performing management functions and who is the sole partner of the Original GSI Borrower that has the authority to represent the partnership with third parties.

2. Finland

Establishing a Security Interest

General

In order to create a valid security interest under Finnish law, the property subject to such security interest must meet certain criteria. The property must be adequately specified, transferable and capable of being the subject of foreclosure, and must have economic value. In addition, there must be an underlying debtor-creditor relationship in respect of the obligations which the security purports to secure, the pledgor must have the legal capacity to grant a pledge over the property in question (that is, the pledgor must typically be the owner of the property), and, as a means of perfecting the security interest, an act making the security interest publicly observable must take place (the "**publicity effect**"). The publicity effect requirement means that the security interest over the property is protected against third party creditors and successors in title only if the security is properly made public. However, the security agreement is valid as between the parties to such agreement even if the security interest is not made public in a manner visible to third parties. The way in which the publicity effect for security rights is achieved varies depending on the object of the security right.

Real Estate Mortgage

In Finland security over real property is created by the owner of the property pledging to the secured party one or more mortgage deeds, each registered in the land register as a real estate mortgage (in Finnish: *kiinteistökiinnitys*) against the relevant property. The Finnish Land Law Code (540/1995, as amended) governs the creation of a mortgage on real estate under Finnish law. The mortgage is registered for a fixed amount and it encumbers both the underlying land and the property together with their fixtures, including uncut forest and buildings located on the property owned by the owner of the property. The real estate is encumbered up to the amount of the liabilities so secured, or to the amount of the registered mortgage deed, whichever is lower. In practice, the value of the real estate in enforcement also limits the value of the mortgage.

One property may be subject to several separate mortgages. The priority of the mortgages is determined by (i) the relative priority of the pledged mortgage deed (as compared to other mortgage deeds registered against the same property - normally this priority is based on the time of filing of the application for registration) and (ii) the priority of the pledge (as compared to other pledges, if any, of the same mortgage deed). A single mortgage can under certain circumstances also be created over several properties owned by the same person and used as a security for the same secured liabilities.

The effectiveness in relation to third parties, such as competing creditors, of a pledge of mortgage deeds requires perfection through the physical delivery to, and retention by, the secured party of the mortgage deeds or (in the case of mortgage deeds in the possession of a third party) by the giving of a qualifying notice to such third party. In addition, there must be a pledge agreement between the pledgor and the secured party identifying, *inter alia*, the secured liabilities. A real estate mortgage does not need to be renewed in order for it to remain effective.

Business Mortgage

A business mortgage (in Finnish: *yrityskiinnitys*, translated into English also as *floating charge*) taken in the course of business operations of a Finnish company registered with the Finnish Trade Register is governed by the Finnish Business Mortgages Act (634/1984, as amended) (the "**Finnish Business Mortgages Act**"), and the Finnish Business Mortgages Decree (778/1985, as amended). Pursuant to the Finnish Business Mortgages Act, moveable property used in the course of business operations may be subject to a business mortgage securing a claim with no requirement to transfer the possession of such property to the creditor (which is otherwise generally required for the creation of a perfected pledge over moveable property). Moveable property mortgageable under the Finnish Business Mortgages Act includes certain fixed assets (such as buildings, machinery and intellectual property rights), current assets (such as materials and products), and financial assets (such as cash in hand, receivables and securities), in each case, that are used in the business operations of the company in question. A business mortgage does not, as a rule, comprise moveable property that is capable of being subject to a specific registerable mortgage. A business mortgage, once taken, includes mortgageable property used in the business operations of a company as a whole, but the precise composition of such property may vary at any given time. Any mortgageable assets that the company acquires after the business mortgage has been registered will be comprised by the mortgage but then subject to any existing security interests over the asset in question. A business mortgage allows the company to deal with and dispose of the assets subject to the mortgage in the ordinary course of its business. Once a business mortgage has been created, the debtor is prohibited from granting any pledge over such property. This restriction does not, however, apply to securities or monetary receivables, including funds on any bank accounts. In respect of such assets, a subsequent pledge will accordingly rank in priority to the business mortgage.

The publicity effect of a business mortgage is established through a registration with the Register of Business Mortgages held by the Finnish National Board of Patents and Registration and the physical delivery to, and retention by, the secured party of the registered business mortgage deeds or (in the case of business mortgage deeds in the possession of a third party) by the giving of a qualifying notice to such third party. Similarly to a real estate mortgage, there must be a pledge agreement between the pledgor and the secured party identifying, inter alia, the secured liabilities. A business mortgage does not need to be renewed in order to remain effective.

Pledge of Specified Moveable Property

General

In addition to the general qualifications of pledgeable property discussed above, a pledge over moveable property is normally not perfected and thus not enforceable against third parties until the physical possession of such property is transferred to the pledgee or other party sufficiently remote from the pledgor acting for the pledgee. In the event the physical transfer of the property in question is not possible, the pledgor may typically meet the publicity effect requirement by notifying the relevant third party, such as the debtor of the pledged receivable, of the pledge. As to certain moveable property, there are separate registers into which the pledges of these items need to be registered in order to create a valid pledge (e.g., vehicles, vessels and certain intellectual property rights).

Shares

In the case of shares, the publicity effect of a pledge is established by way of transferring the share certificates to the possession of the pledgee, or, in the case of dematerialized shares in the Finnish book-entry securities system, by way of an appropriate registration in the book-entry securities system. If the shares are not evidenced by share certificates, the pledge is perfected by serving the issuer company in question a notice of pledge.

Receivables

Accrued receivables (i.e., receivables that had been earned by the creditor (but not necessarily fallen due) at the time when the receivables were pledged) may also be effectively pledged. The parties may furthermore agree that unearned receivables are also comprised by the pledge. A pledge of such receivables becomes, however, not perfected until the receivables have been earned and the pledge thereof has thereafter been duly notified to the debtors of the underlying receivables. Due to the fact that the publicity effect of such pledge is delayed, the pledge may, in the event of pledgor's insolvency, be subject to recovery under the Finnish rules on voidable preferences. In the case of receivables, the publicity effect of the pledge is established by way of notification to the debtor of the underlying receivable. There is no requirement as to the form for such notification other than that the notification sufficiently identifies the pledged receivable and the identity of the pledgee.

Bank Accounts

Bank accounts and more importantly funds standing to the credit of the same may also be used as security by way of a bank account pledge. Accrued interest and any surrogates are typically covered by the pledge. The publicity effect of a bank account pledge is established by delivering a notice to the account bank.

Upon due perfection, the pledgor is not entitled to dispose of the bank account. Typically, the perfection of the pledge is delayed to allow the borrower to dispose of its bank accounts necessary for its business operations. Such delayed perfection makes the pledge susceptible to recovery in the event of pledgor's insolvency. The pledges of certain bank accounts related to the Finnish loans have not been perfected. For details on which Finnish bank account pledges are perfected, please refer to the Finnish loans.

Pre-Insolvency Enforcement

General

Enforcement of obligations, including receivables, typically requires that the creditor first obtains a judgment or arbitral award ordering the particular obligations to be satisfied (for example, for a debt to be paid) after which the actual enforcement is carried out by a district bailiff in a procedure regulated by law.

The principles of equity and statutory limitation may restrict the creditor from obtaining a judgement or arbitral award. Pursuant to the Finnish Contracts Act (228/1929, as amended) if a contract term is unfair or its application would lead to an unfair outcome, the term may be adjusted or set aside. Consequently, enforcement of obligations may be limited by general principles of equity; in particular, equitable remedies (such as an order for specific performance or an injunction) are discretionary remedies and may not be available under the laws of Finland where damages are considered to be an adequate remedy.

Debt obligations may be subject to statutory limitation under Finnish law, such limitation becoming effective on the earlier of (i) the date falling three (3) years as of the date when the payment obligation

becomes due and payable and (ii) the date falling three (3) years from the date on which the relevant non-breaching contracting party became or should have become aware of a breach of contract and (iii) the date falling ten (10) years from the date on which such breach occurred. In respect of guarantees, the applicable limitation periods are, in the case of general limitation, ten (10) years from the date of the guarantee, and in the case of special limitation, three (3) years from the guaranteed obligation becoming due and payable. Each of the above limitation periods can be interrupted by the creditor reminding the debtor and/or guarantor of their obligations, such interruption not requiring any particular form to be complied with. Any payment made by a debtor and/or guarantor in respect of the relevant debtor's and/or guarantor's obligations is deemed to interrupt the relevant limitation period. Upon such interruption, a new limitation period of equal length commences.

In the event that a creditor has been granted a security interest to secure its receivable, the enforcement procedure in respect of such receivable depends on the type of the property securing the receivable. In respect of a specific moveable property, such as shares in a Finnish company, the parties may generally agree to grant the secured party full discretion over the means of enforcing the security and realising the property. Such discretion is, however, limited *inter alia* by the statutory invalidity of a provision providing that title to the pledged property shall, upon default, automatically transfer to the pledgee. Furthermore, the pledgee always has a duty to ascertain that the interests of the pledgor and other creditors of the pledgor are not unduly jeopardised due to the actions taken by the pledgee.

Enforcement of a mortgage on real estate and a business mortgage, on the other hand, must be carried out through an enforcement procedure in accordance with the Finnish Enforcement Act (1895, as amended) (the "**Finnish Enforcement Act**"). On 1 January 2008 the Finnish Enforcement Act will be replaced by the new Execution Code (705/2007). The reform of the regulations on execution has been going on since 1996, and the changes have been gradually implemented into the legislation. Therefore, the new code will not introduce changes to the procedures described herein.

Enforcement of a Real Estate Mortgage

A creditor wishing to enforce a claim secured by real estate mortgages can either (i) apply to the bailiff for enforcement of its claim without requesting enforcement against any specific assets, thereby leaving the decision concerning the target and method of the enforcement up to the bailiff, in which case the creditor's claim will have the priority described below in a sale of the mortgaged real estate, or (ii) apply to the bailiff for enforcement action directed specifically at the mortgaged real estate by virtue of the mortgage. In the case of (ii) and, to the extent that enforcement action under (i) above results in an attempt to sell the real estate, the bailiff may choose either to organize a public auction or, provided that certain requirements are met (e.g., it is agreed upon by all parties to the proceedings), to sell the real estate by other means (e.g. a private sale by a real estate agent).

In the case of a public auction, the bailiff will make a public announcement that the property shall be auctioned and send invitations to all mortgage holders. In doing so, the bailiff requests that the mortgage holders inform the bailiff in writing whether they desire to be paid from the proceeds of the auction or whether they are satisfied with the fact that their mortgage shall continue to encumber the real estate after it is sold. If there is any unclarity concerning the mortgage holders, e.g. where some of them are not known to the bailiff or cannot be reached, the bailiff will typically summon a meeting to be held before the public auction. As a supplement to the information available in public registers and the debtor's obligation to provide information to the bailiff, this meeting is an important way of obtaining information concerning the mortgage holders. A notice to convene the meeting is sent to all known parties - including all known mortgage holders - and is published in a local newspaper and, if necessary, in the Official Gazette. As a result of this meeting, the bailiff prepares a list of all parties involved and their respective claims. Any claim of an unknown mortgage holder not represented at the aforementioned meeting shall be included in the list with an amount corresponding to the registered amount of the relevant mortgage. This list is delivered to all relevant parties in good time before the public auction takes place.

Based on the amount and priority of mortgages registered over the relevant property, the bailiff shall determine the minimum price, which must be received from the property in question from its sale in the auction. For the purpose of determining the minimum price, the bailiff shall arrange the mortgages on such property in an order of priority based on the dates on which the mortgages were registered with the Finnish Register of Land Ownership. The minimum price received from the sale of the property must not be less than the total amount of mortgages, which rank higher in priority than the mortgage that is being enforced plus the costs of the auction. Mortgages shall terminate upon the sale unless the property has been sold encumbered or the secured debt has been otherwise assumed. If no acceptable bids are received,

another auction or a sale by other means shall be organized unless the creditor requesting the first sale objects to this. The requirement concerning the minimum price can be set aside by agreement between all secured creditors.

If the holder of a mortgage has not duly notified the bailiff in writing of the mortgage and made a request for payment in the above meeting held by the bailiff, the mortgage in questions will not continue to encumber the property following the auction. In such case, following the auction the mortgage holder becomes an unsecured creditor with equal ranking to other unsecured creditors as regards the enforcement proceeds of the property. If the mortgage holder has notified the bailiff in writing of the mortgage, the mortgage holder will have priority in relation to the unsecured creditors as regards the proceeds accruing from the auction of the property. The mortgage holder may also agree with the purchaser that the property is sold encumbered in which case the purchaser assumes the liabilities of the debtor towards the mortgage holder and the mortgage will become effective against the purchaser and secure the assumed liabilities.

Enforcement of a Business Mortgage

A business mortgage may be enforced only through the public enforcement procedure set forth by the Finnish Enforcement Act. The holder of a business mortgage has a choice between two different procedures when enforcing the business mortgage. First, the creditor may seek to obtain a judgment or award confirming the debtor's obligation to repay the debt. The enforcement of the judgment or award is then carried out by an official bailiff. The bailiff decides which property covered by the business mortgage will be sold in the auction. Alternatively, the creditor may directly in the court proceedings rely on the business mortgage and direct the petition to a specified property covered by the business mortgage. In such case, the court would order the specific property covered by the business mortgage to be sold by the bailiff in the auction. The sale may also be conducted by other means (such as a sale organized by a private auctioneer or other sale than a public auction organized by the bailiff). It should be noted that in the enforcement procedure, the priority of the holder of a business mortgage over the unsecured debtors is up to the full value of to the mortgaged property, where as in the bankruptcy proceedings the priority is limited to 50 per cent. (as explained further below).

Finnish Insolvency Proceedings

Bankruptcy Pursuant to the Finnish Bankruptcy Act

General

After bankruptcy proceedings under the Finnish Bankruptcy Act (120/2004, as amended) (the "**Finnish Bankruptcy Act**") have commenced, the bankrupt debtor forfeits control over the bankruptcy estate's assets, and all transactions conducted by the debtor with respect to such assets thereafter are void. A creditor, other than a secured creditor (who is not a holder of a business mortgage), cannot during the bankruptcy proceedings seek separate foreclosure of the bankruptcy estate's assets but may exercise statutory right of set-off.

Order of Priorities

The Finnish Act on Payment Order of Creditors (1578/1992, as amended) (the "**Finnish Payment Order Act**"), provides for the order of priority in which claims are to be satisfied in a bankruptcy, in the event that the debtor does not have sufficient funds to satisfy all of the outstanding claims. The relevant district court declares the bankruptcy judgment, in which the receivables that are to be paid from the funds of the bankruptcy estate and in which their respective order of priority are confirmed.

The main rule under the Finnish Payment Order Act is the equal right of the bankruptcy creditors to receive payment in bankruptcy. Claims that are secured by a security interest enjoy the priorities applicable to the security interest in question.

After the secured creditors (other than holders of a business mortgage) the highest priority in bankruptcy is vested in creditors whose claims are directly recoverable from the assets of the bankruptcy estate. These are claims which have accrued after the commencement of the bankruptcy proceedings and by which the bankruptcy estate has expressly declared to be bound. Debts that have been incurred by the debtor in company reorganisation proceedings preceding bankruptcy enjoy the same priority provided that the bankruptcy has commenced not later than three months after the reorganisation proceedings have ended.

Debts secured by a business mortgage enjoy priority over the non-secured creditors up to a maximum of 50 per cent. of the value in enforcement of the collateral. If this is not sufficient to cover the entire debt secured thereby, the remaining amount shall be treated as an unsecured debt. All the non-secured claims are satisfied with the lowest priority. Wages of employees do not enjoy any special privilege in a bankruptcy but the employees' position is to some extent secured by a specific regime of the Finnish State, under which employee wages may be satisfied up to a certain amount.

Enforcement of Security in Bankruptcy

According to the general rule under the Finnish Bankruptcy Act, an administrator that is appointed by a court is obliged to realise the assets belonging to the bankruptcy estate in a manner which is considered most favourable for the bankruptcy estate. The actual method of sale shall be decided upon by the estate administrator or by the meeting of creditors which is convened after a hearing of the creditors.

As for the realisation of moveable property, which has been pledged as security and which is in the creditor's physical possession (for example, share certificates representing pledged shares), the creditor is generally not subject to any moratorium on enforcement but instead may enforce the security in a manner provided for in the relevant security agreement for the purposes of satisfying any matured claim, unless the bankruptcy estate decides to redeem the security object at the price corresponding to the amount of the secured claim comprising interest accruing until the time of redemption, or unless the administrator imposes a moratorium of up to two months on enforcement of security. The secured creditor must notify the estate administrator of its claim and additionally, inform of its intention to sell the security object in reasonable time prior to the intended time of sale. Failure to inform the estate administrator is sanctioned with a fee. When conducting the sale, the interests of the bankruptcy estate must be taken into consideration. In practical terms this means, *inter alia*, that a sale at an undervalue is prohibited. Finally, after the sale, the secured creditor must give an account to the estate administrator on the sale and deliver to the estate administrator any sales proceeds exceeding the amount of the secured debt.

In case the secured creditor does not wish to conduct the sale itself, the bankruptcy estate may arrange the sale on behalf of such creditor but then it is required that the sales price is sufficient to cover the entire secured debt (unless the secured creditor consents to a lower sales price). The court may also grant the estate a permission to sell the security belonging to the estate, if an offer for the purchase of the property as security has been made to the estate, the offer exceeds the likely auction price of the said property and the secured creditor does not establish the probability that a better result of the sale of the security can be achieved by other means.

The assets belonging to the bankruptcy estate may also be realised by selling the debtor's business as an operational whole to one single buyer if such sale would result in a more favourable outcome for the creditors than selling the assets separately. Such single buyer may be one of the creditors of the bankruptcy estate. However, if the business is proposed to be sold to a creditor the receivables of which represent at least 20 per cent. of the total amount of debts of the debtor, such sale is subject to an affirmative vote by the creditors representing more than one half of the debts secured by collateral or which otherwise rank in priority to other unsecured debts, and by the creditors representing more than one half of the remaining unsecured debts. Similar restrictions apply to selling the business as an operational whole to the debtor's shareholders and parties closely related to the debtor or the shareholders within the meaning of the Finnish Bankruptcy Act.

In addition, a creditor secured by a mortgage over real estate is not subject to any moratorium on enforcement during bankruptcy proceedings and can enforce its claim when payment falls due, unless the administrator imposes a moratorium of up to two months on enforcement of security. Such enforcement may, however, take place only through public auction under the Enforcement Act as arranged by a bailiff after the receipt of an appropriate judgment. In addition, the estate administrator may initiate a sale of real estate which is subject to real estate mortgages. In such case, the sale must, however, take effect so that the mortgages remain effective.

The position of a creditor holding a business mortgage is significantly weaker in bankruptcy when compared to other secured creditors. Creditors holding a business mortgage do not have a right to initiate private enforcement but instead in bankruptcy the business mortgage is enforced only as part of the general bankruptcy enforcement. Therefore, creditors holding a business mortgage are entitled to receive proceeds from the bankruptcy estate only at the same time and through the same process as unsecured creditors, although they enjoy higher priority (as explained further above).

As an alternative to immediately realising the assets of the bankruptcy estate either through a sale of the business as an operating whole or through several separate asset sales, the creditors may also decide to continue the company's business in the name and on behalf of the bankruptcy estate. Subject to certain exceptions, such decision generally requires an affirmative vote by creditors representing the majority of the total amount of debt represented in the meeting of the creditors. Should the creditors decide to continue the company's business, the administrator of the bankruptcy estate shall enter into the necessary agreements on behalf of the bankruptcy estate. The continuation of business by the bankruptcy estate is, however, intended to be only temporary, the ultimate objective being to realise the assets of the company in the most efficient and profitable manner.

Reorganisation of a Company Pursuant to the Finnish Reorganisation Act

General

The purpose of the Finnish Reorganisation Act (47/1993, as amended) (the "**Finnish Reorganisation Act**") is to lay out a statutory framework for reorganising companies that are in financial difficulties but have the potential for viable operations in the long-run. In reorganisation proceedings, both the business operations and the debts of a company may be reorganised and restructured. After a completion of the reorganisation plan, a company may either continue its operations, or, if the reorganisation fails, typically, be placed into bankruptcy.

Despite the reorganisation proceedings, the control over the business operations of the debtor remains with the debtor except for certain decisions outside the ordinary course of business. During the procedure, before the reorganisation plan is adopted, the business operations of the debtor are continued in the same manner as before.

Moratorium

The initiation of the reorganisation proceedings imposes a moratorium on all legal proceedings and other enforcement actions against the debtor. The district court's decision on the commencement of reorganisation proceedings results in a general prohibition on payment, collection and execution of debts, which applies to all creditors. According to the Finnish Reorganisation Act, no creditor, including a secured creditor, has the right to enforce its rights in respect of any collateral or collect any debts after the initiation of the reorganisation. The moratorium remains in force until the reorganisation plan has been confirmed.

Administration

In connection with the decision to initiate reorganisation proceedings, the relevant district court appoints one or several administrators. The administrator's main duties comprise supervising the debtor's operations during the proceedings, initiating any recovery claims pursuant the Finnish Act on Recovery to Bankruptcy Estate (758/1991, as amended) (the "**Finnish Recovery Act**") and to prepare a proposal for the reorganisation plan.

The district court deciding upon initiation of reorganisation proceedings may also appoint a creditors' committee to assist the administrator in its tasks unless it is deemed unnecessary due to the limited number of creditors. The composition of the committee must reflect the different creditor groups in such a manner that all the creditor groups are equally represented in the committee. The functions of the creditors' committee are (a) to advise and assist the administrator, (b) to negotiate important decisions related to the running of the business of the debtor with the administrator, (c) to co-operate with the administrator during the preparation of the reorganisation plan, (d) to supervise the operations of the administrator on behalf of the creditors, and (e) to decide on the fees, compensation and expenses of the administrator. The creditors' committee cannot vote in favour of the approval of the reorganisation plan.

The creditors decide upon the approval of the reorganisation. For this purpose, the creditors are divided into separate groups such that the secured creditors are divided into groups based on the type of the collateral they hold (for example, business mortgage creditors would typically form their own group). Other creditors are divided into groups such that the creditors within one group have an equal right to payment. These groups of other creditors may also be further divided based on the grounds for their claims.

Reorganisation Plan

The central task of the administrator is to prepare a proposal for a reorganisation plan in collaboration with the debtor company and the creditors within the time limit set by the district court. The time limit cannot exceed four months without specific grounds. A significant part of the reorganisation plan is the payment arrangements concerning the reorganisation debts. Any debt other than a secured debt, to the extent it is covered by the collateral value of the relevant security, may be restructured in any of the following ways: (a) by changing the payment schedule, (b) by applying payments made by the debtor first towards amortising principal of the debt and only thereafter in paying interest and other debt related costs, (c) by reducing debt related costs, and (d) by reducing the amount of the unpaid principal. Restructuring can also include payment of the entire debt or part thereof as a bullet payment, or as a payment in lieu of performance. In addition to the administrator, the following parties, among others, have the right to prepare and present a reorganisation plan for court approval within a set time limit: (a) the debtor, (b) secured creditors whose claims represent at least 20 per cent. of all the secured debts of the debtor, and (c) other creditors whose claims represent at least 20 per cent. of all the non-secured debts of the debtor.

As a rule, a majority of each group of creditors must approve the reorganisation plan in order for the relevant district court to be able to confirm it. A majority is deemed to exist when the plan has been supported by more than half of the creditors present in the voting in each creditor group and the combined aggregate principal amount owed to such creditors represents more than half of the total amount owed to the creditors of such group present in such voting. In calculating the majority for the purpose of voting on a reorganisation plan as described above, the following creditors are not taken into account: creditors that are proposed to be fully repaid no later than within one month from the date on which the reorganisation plan was confirmed by the court; creditors whose rights are not affected by the reorganisation plan; and creditors that are only affected in such a manner that any payment default which occurred prior to the initiation of the reorganisation proceedings is deemed to have been rectified and the terms of the remaining receivable remain as they were prior to the payment default.

On the other hand, even if a majority approves a reorganisation plan, in the event that the plan does not provide a secured creditor with the rights provided by the Finnish Reorganisation Act for secured creditors (such as the right to receive full payment of the secured principal amount) and if such secured creditor has voted against the approval of the plan, a reorganisation plan may not be confirmed by the district court. Also, the district court may not approve and confirm a plan even if it has the support of all creditors (a) if it is considered unreasonable for the debtor or for a shareholder of the debtor company; (b) if there are valid grounds to assume that there is no chance of implementing the plan; (c) if the plan is not considered equal for all the creditors, or (d) if a creditor that has voted against the plan provides evidence that it would realise a larger portion of its debt if the assets of the debtor were liquidated in a bankruptcy rather than the restructuring of the company in accordance with the Finnish Reorganisation Act.

In the event that no majority decision can be reached in the manner described above, under the Finnish Reorganisation Act, the relevant district court has the right to confirm the plan upon request by the debtor, the administrator or any other party that has prepared the plan. However, confirmation of the plan by the district court without the approval of the majority of each creditor group is subject to the same general requirements as set forth above. Therefore, the district court cannot confirm a plan, for example, in the event that a secured creditor is not guaranteed full payment of the principal amount secured by the relevant collateral. In addition, at least one creditor group must have voted in favour of the plan and the combined aggregate amount of receivables of the creditors that have voted in favour of the plan must constitute at least 20 per cent. of the total amount of receivables.

Secured Creditors in Reorganisation

It should be noted that a creditor is considered as a secured creditor only to such extent as the collateral value of the security at the time at which the company reorganisation proceedings are commenced is sufficient to cover the debt so secured. Any amount of the debt in excess of this is considered as non-secured debt.

Even though the secured creditors are subject to the moratorium on enforcement actions, the Finnish Reorganisation Act provides them with special protection in respect of their rights as secured creditors during the process. One of the most important of these rights is their right to prevent the amount of the principal from being reduced. Without the explicit consent of the secured creditor, a reorganisation plan may provide for the restructuring of a secured debt only by way of (a) changing the payment schedule (both as to principal and interest), (b) ordering payments made by the debtor to be applied first towards

amortisation of the principal and only thereafter towards interest and other costs and (c) reducing the payment obligation in respect of debt related costs, such as interest, that remain unpaid at the time when the reorganisation plan is approved. Additionally, the Finnish Reorganisation Act permits the replacement of the collateral securing the debt with other collateral considered to provide adequate security for the secured debt. Finally, the administrator may decide to pay off of a secured debt prematurely if this can be considered to facilitate the financing arrangements of the debtor.

The general moratorium imposed at the initiation of the reorganisation proceedings does not restrict the right of the secured creditors to be paid interest and other debt related costs prior to the confirmation of the reorganisation plan on the original terms to the extent these become due after the initiation of the process.

Recovery to Insolvency Estate

The Finnish Recovery Act sets out the criteria on which certain payments and security interests can be clawed back in connection with bankruptcy and reorganization proceedings.

Pursuant to the Finnish Recovery Act a transaction can be revoked, if it unduly favours a particular creditor to the detriment of another creditor, transfers property out of the reach of the creditors or increases the debts of the debtor to the detriment of the creditors, always provided that (i) the debtor was insolvent at the time the transaction was concluded or the transaction contributed to the debtor's insolvency, and that (ii) the other party knew or should have known of the insolvency or of the impact of such transaction on the debtor's financial state as well as of the circumstances due to which the transaction was unsuitable. If such a transaction was concluded earlier than five years before the application for bankruptcy or reorganization was filed with the competent court, the transaction may be revoked only if the secured party was someone closely related to the debtor.

There are several situations where clawback is possible on specific grounds. A repayment of debt may be recovered if the repayment was made (i) with unusual means of payment, (ii) before it was due and payable, or (iii) with the majority of the debtor's assets, and could also as a whole be considered unusual. Monies received by execution or by using set-off, unless such set-off would have been allowed in bankruptcy, may also be recovered into the bankruptcy estate. Security granted in favour of a creditor may be subject to clawback if such security interest was perfected within a certain period of time prior to the commencement of the insolvency, unless such security was agreed on in the underlying loan (or other) agreement and the security interest was subsequently perfected without undue delay. If such repayment, execution or set-off was made or security interest was perfected within three months prior to the initiation of insolvency proceedings, such transaction can be revoked. In the case of related party transactions, the suspect period is two years and clawback is possible unless the debtor can show that it was not insolvent at the time and did not become insolvent as a result of thereof. Please see "*Risk Factors*" above.

Finnish Mutual Real Estate Companies

There are two kinds of real estate companies in Finland, mutual real estate companies ("**MRECs**") and "normal" real estate companies ("**RECs**").

Where a shareholder owns shares in an MREC, the possession of one share alone or several shares together entitles the shareholder pursuant to the articles of association to occupy a certain apartment, office or other premises in the building(s) owned by the MREC. The rental income accrued from letting the certain space of an MREC is paid directly to the shareholder (whereas the rental income accrued from letting the premises of a REC is paid to the REC itself). In addition, the shareholder pays a maintenance fee to the MREC to cover its maintenance costs. Further, it is common that part of the loans of an MREC are allocated to the shareholders and the shareholders are liable to pay a so called financial consideration to the MREC which uses these funds to amortize the loans allocated to the shareholders. Occasionally part of the loans of an MREC are not allocated to the shareholders. In practice, Finnish MRECs do not generate profit, which makes it impossible for these companies to distribute dividends (they usually generate zero result). Typically zero taxable result is achieved by setting the maintenance fees and financial consideration equal to the tax deductible depreciations, interest expenses and other deductible costs of the company.

In the event that the MREC has multiple shareholders (i.e. it is not wholly-owned), the other shareholders may affect the market or security value of the property. Statutory minority protection rights provided by the Finnish Companies Act also apply.

Tax Considerations

Taxation of Rental Income and Capital Gains in Finland

As explained above the rental income accrued from letting the premises of an MREC is taxed directly in the shareholders' hands. Each of the Finnish Portfolios is structured so that the relevant Finnish Borrower owns shares in an MREC or in MRECs. The rental income is thus taxed as the borrower's income, from which the interest payments by the borrower (as discussed in more detail below), any maintenance fees, and any financial consideration are deductible.

Interest expenses which can be allocated to the acquisition of the shares in the MREC should also be deductible for Finnish tax purposes. This requires evidence on the allocation of the loans and interest expenses to the MREC. There are no thin capitalization rules in Finland, which supports the tax deductibility of interest expenses in Finland (see "*Thin Capitalization*" below).

Also other expenses which can be allocated to the Finnish MRECs should be deductible for Finnish tax purposes provided that there is sufficient evidence that the expenses relate to the Finnish MREC. However, under Finnish legal praxis the direct acquisition costs of acquiring the shares in the MREC, such as fees of counsel and auditors, must be added to the acquisition cost of the shares and cannot be deducted from the rental income.

Transfer Tax

Finnish transfer tax of 1.6 per cent. is payable on a transfer of shares in a Finnish REC or MREC. While transfer tax on transfer of shares is otherwise payable only where at least one of the parties to the transaction is a Finnish resident, transfer tax for transfers of shares in RECs and MRECs is payable even where all parties are non-residents. From a transfer tax point of view it is also important to note that in practice Finnish MRECs have loans which are allocated to its shares. It is Finnish market practice that the buyer purchasing shares in the MREC assumes the debts which are allocated to the purchased shares or alternatively refinances the MREC's existing indebtedness. Under established Finnish tax praxis transfer tax has to be paid by the purchaser only on the amount paid for the shares.

Thin Capitalization

There are no formal thin capitalization provisions in Finnish law, that is, no provisions limiting the deductibility of interest paid on foreign loans primarily to related parties in certain situations. It cannot, however, be ruled out that the Finnish taxing authorities would on the basis of the principles of Finnish tax law challenge the deductibility of interest in a typical thin capitalisation situation.

Real Estate Tax

All real estate owners, both residents and non-residents, are obliged to pay Finnish municipal real estate tax on all real property located in Finland unless a statutory exemption applies. The most important exempted classes of assets are forests and agricultural land. Other exemptions are almost exclusively of an administrative or technical nature having little economic significance.

Real estate tax is payable by those who own taxable property at the beginning of the calendar year (1 January). The tax is based on the taxable value of each property. Each municipal council determines annually the applicable tax rates within statutory limits. Each council has to set at least two tax rates: a general tax rate and a rate for buildings used primarily as permanent residences. The general tax rate may vary between 0.5 – 1.0 per cent., the rate for permanent residences may vary between 0.22 – 0.5 per cent.

3. **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 only 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.

In addition, in accordance with Article 8 of Italian Law No. 40 of 2 April 2007 ("**Law 40/2007**"), the Borrower may exercise its statutory right to substitute (*diritto di surroga per volontà del debitore*) the lender in the Loan (upon such commercial terms as may be agreed with the new lender). Any provisions in the Loan Agreements prohibiting the substitution or making such substitution onerous for the Borrower would be void, without prejudice to the validity of the remainder of the agreements. The exercise of such right of substitution by the Borrower will cause the repayment in full of the Loan vis-à-vis the Issuer before its maturity date, including amounts of interest accrued to the date of exercise of such right, with no redemption penalty. In the event such substitution is exercised in the first 18 months after the drawdown of the Loan, the Italian substitute tax (*imposta sostitutiva*) and other taxes referred to under Article 15 of Presidential Decree No. 601 of 29 September 1973 will not apply. Any early repayment of the Loan would have as a consequence the accelerated redemption of the Notes.

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:

(a) 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

(b) 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.

4. 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 (i) be published at the land registry office ("*Bureau des Hypothèques*") and (ii) 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 lose 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.

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.

Planning permissions and work declarations. 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.

Any third party who objects to the granting of planning permissions has to bring an action before the administrative courts within two months from the first day of the publication of such a permit on the site. If, at the expiry of this time period, no objection has been raised by any interested third party the permit becomes definitive and cannot (in most cases) be attacked (subject to the administrative control which expires two months after the decision to grant the planning permission was transmitted to the appropriate authority and subject to the right of withdrawal of such decision by the administrative authority having delivered the permit, which right expires three months after the permit was delivered).

In the event that the planning authorization is in breach of a planning rule or a public easement, third parties (or the *Préfet*) may have the possibility to require the demolition of the works if the following conditions are met: (i) the planning permission breached a planning rule or a public easement, and (ii) the planning permission is annulled or declared illegal by a definitive decision from the administrative court. Any action on these grounds for forced demolition of the works against the owner is statute–barred after a two–year period as from the date of the decision of the administrative court cancelling the planning permission. The forced demolition of the works is rare.

During a time period of three (3) years from the completion of the works, criminal sanctions 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 (fine and/or imprisonment) 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 authorized has been made without obtaining the relevant authorization, and (ii) the works carried out do not comply with the relevant authorization. Imprisonment is rare and only in case of repeated offending. Likewise, the demolition of the building is also rare.

Where works are carried out without planning permission or a work declaration and in the case of a change of use without the above mentioned authorization, 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 authorization or the failure of the works or the use to comply with the relevant authorization). 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 properties could be held liable. The consequence of such breach could entail the payment of a substantial fine as well as demolition of the relevant property.

Enforcement of security interests

Enforcement of lender's liens and mortgages prior to insolvency proceedings

***Lender's lien* (*privilège de prêteur de deniers*).** A lender's lien (*privilège de prêteur de deniers*) is conferred on a creditor who lends a sum of money for the financing of the purchase of real property in accordance with articles 2324 and 2374–2 of the French Civil Code.

A lender's lien is subject to the specific rules of article 2374–2 of the French Civil Code. In the context of a refinancing of a loan, a lender's lien granted in favour of the lender whose loan is being refinanced can be transferred to the new lender by way of subrogation up to the principal amount of the loan.

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

Peculiarities of Lender's Lien. In order for a lender's lien to be validly created, the following two conditions must be satisfied: (a) the loan must be granted for the purchase of real property and the deed evidencing the loan (*acte d'emprunt*) must expressly stipulate the purpose for which the loan was intended; and (b) the discharge receipt (*quittance*) given by the vendor of the relevant real property must certify that, up to the principal amount of the relevant loan, the payment was made out of the moneys borrowed. Both the deed evidencing the loan and the discharge receipt must be in a notarised form (*acte authentique*).

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.

Effect of lender's liens and mortgages. A lender's lien and a mortgage have similar effects. The beneficiary of a lender's lien or 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 that under a lender's lien or 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 lender's lien or 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.

If the secured creditor wishes to exercise this right, it must cause an order to pay to be served on the debtor by a bailiff and, in addition, cause a notice to be served on the third party to whom the property subject to the lender's lien or mortgage was transferred with a view either to pay the debt secured by the lender's lien or mortgage granted over the property or to surrender such property in an auction sale, where a minimum bid exceeding 10 % of the price paid by such third party shall be made by the creditor.

Registration of Lender's Lien and Mortgages. In order to be enforceable against third parties, pursuant to the provisions of article 2377 of the Civil Code, lender's liens and mortgages must be registered at the French land registry office ("*Bureau des Hypothèques*") situated in the geographical district where the relevant real property is situated.

A lender's lien is retrospectively perfected from the date of the deed of conveyance of the relevant real property if the registration of the lien occurs within a period of two (2) months after the signing of the deed of conveyance (under article 2379 of the French Civil Code). If this deed fails to be registered within this two (2) month period, rules applicable to mortgages will apply to the lender's lien.

Enforcement of Lender's Liens and 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, lender's liens and 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.

Where a lender's lien or a mortgage is documented by a deed of execution (*copie exécutoire à ordre*), the endorsement before notary of the deed of execution in favour of the assignee of the secured loan is required to transfer to such assignee the right to enforce the lender's lien and mortgage.

In addition to the endorsement, the relevant land registry may require that, upon enforcement, the assignee of the secured loan must be registered with the land registry as the beneficiary of the lender's lien or the mortgage, as the case may be. In such case, the assignee shall have to proceed with the necessary filings with the land registry in order for it to appear as the beneficiary of the lender's lien or the mortgage, as the case may be.

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). 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 secured creditor. 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 until 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 articles 2355 et seq. of the Civil Code and L. 521–1 of the French Commercial Code and 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.

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.

The enforcement of a pledge over the credit balance of a bank account can be made either by (i) requesting the competent court to allow appropriation of the credit balance subject to the pledge (*attribution judiciaire*) and the application of the proceeds in satisfaction of the debt or (ii) 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 Dailly law assignment provides for the transfer of receivables (together with any security interests, guarantees and accessory rights relating thereto) through the remittance to the assignee of a transfer deed (bordereau) describing the amount of the type of receivables subject to such assignment by way of security. The assignment comes into effect as between the assignee and the assignor and is binding upon third parties as from the date of the transfer deed. The ownership of the receivables is transferred as from the date of the transfer form notwithstanding the fact that such assignment is made by way of security. The assignee of the receivables so assigned must be a credit institution authorised to carry-out lending transactions in France and provided that the assignment from the assignor is given in consideration of a credit granted to that assignor by the assignee. The enforcement of such security is achieved through notifying the assigned debtors of the assignment of receivables, so that they have to pay their corresponding debts directly to the secured creditor instead of paying the assignor.

Unless the relevant assigned debtor duly and formally accepts the assignment in the form provided 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 Haussmann Borrower provide that such notification to the assigned debtors will be delivered (i) in respect of the assignment of insurance proceeds and the assignment of hedge receivables, at any time the Security Agent so chooses, and (ii) in respect of the other assignments, upon the occurrence of an event of default under the Haussmann 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*").

***Pledge of receivables* (*nantissement de créances*).** A pledge over receivables may be granted in accordance with articles 2356 et seq. of the Civil Code.

So as to ensure the perfection of the security interest granted, the pledge agreement needs to be registered with the tax authorities (*Recette des Impôts*) and notified to the pledged debtor, such notification being not needed if the pledged debtor is also party to the agreement.

The enforcement of a pledge over receivables can be made by (i) requesting the competent court to allow the public sale (*vente publique*) of the pledged receivables, (ii) the attribution by a court of the pledged receivables (*attribution judiciaire*) or (iii) if it has been expressly provided for in the pledge agreement, appropriate the pledged receivables on the date on which the secured creditor exercises its rights in satisfaction of its claim against the debtor without a court order.

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 loan agreement as beneficiary of the lender's lien or mortgage. The notary before which the Haussmann lender's lien and mortgage deed was executed was given all powers to notify the insurance delegation to the insurer for acknowledgement. Following the service of such notification, the lender under the Haussmann Loan Agreement would benefit from the undertaking of the relevant insurer to pay it directly.

***Pledge over the shares* (*nantissement de parts sociales*) of a *société à responsabilité limité*.** A pledge over the shares (*parts sociales*) of a *société à responsabilité limité* may be granted in accordance with articles 2334 and 2355 *et seq.* of the Civil Code.

The pledge agreement must be registered with the relevant tax authority ("*recette de l'enregistrement*") and subsequently recorded on the special registry created for pledges over shares (*nantissements de parts sociales*) in accordance with article 2338 of the Civil Code and decree no. 2006-1804 dated 23 December 2006 (such registration to be renewed every five (5) years). The security takes priority according to the date of registration.

There are three options available for the enforcement of the pledge: (i) request the public sale (*vente publique*) of the shares, (ii) request the attribution by a court of the shares (*attribution judiciaire*) or (iii) if it has been expressly provided for in the pledge agreement, appropriate the pledged shares without a court order on the date on which the secured creditor exercises its rights in satisfaction of its claim against the debtor.

***Guarantee* (*contrat de cautionnement personnel et solidaire*).** The unpaid secured creditor benefiting of a guarantee (*cautionnement personnel et solidaire*) may request that the guarantor pays amounts due and payable by the relevant borrower without it having first pursued such borrower as permitted under articles 2298 and following the Civil Code.

Cash-collateral arrangements. The enforcement of such security interests is achieved through the right to set-off (i) the obligation incurred by the secured creditor to the Haussmann Borrower to redeliver that amount against (ii) the debt due, without any need for judicial proceedings or public auction.

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*).

7. **Luxembourg**

Pledges over Shares in a Luxembourg S.à.r.l. The enforcement of a validly existing pledge under Luxembourg law ("*gage*") over the shares ("*parts sociales*") of a S.àr.l., in the scenario when 100 % of the shares have been pledged in favour of a pledge, shall be made in accordance with the following methods of enforcement and formalities.

A pledgee may, upon the occurrence of an event of default and/or and acceleration event, without having to give prior notice:

(a) appropriate the shares at their market value, as determined by an independent expert appointed by the pledgee at the expense of the pledgor;

(b) if the shares are admitted to the official list of a stock exchange located in Luxembourg or abroad, or if they are traded on a regulated market functioning regularly, recognised and open to the public, appropriate the shares at their market price;

(c) sell the shares or arrange for the shares to be sold in a private sale pursuant to normal commercial conditions;

(d) request attribution in court of the shares in discharge of the secured obligations following valuation by a court appointed expert; or

(e) carry out a set-off, in accordance with the provisions of the pledge agreement, between the secured obligations and the shares (which supposes a valuation).

The exact timing of enforcement will depend on the method chosen and the involvement of third parties, such as valuation experts, courts, stock exchanges, etc.

The process of enforcement does not prevent the pledgor from taking recourse at the moment of the enforcement of the share pledge, with the consequence that it may take action that could lengthen the procedure. In particular, it should be noted that in exceptional circumstances the Luxembourg courts may grant grace periods for the performance of Luxembourg obligors' obligations to a debtor who has acted in good faith.

Under the law of 5 August 2005 on financial collateral arrangements, rules of Luxembourg insolvency law (applicable here given Luxembourg pledgor) are not applicable to and the enforcement of financial collateral arrangements is unaffected by insolvency proceedings in respect of the collateral provider, even with respect to foreign security arrangements, to the extent these are comparable to financial collateral arrangements in the meaning of the EU Directive 2002/47/CE or the law of 5 August 2005 on financial collateral arrangements.

Thus, the share pledge agreement shall not be affected by the opening of such proceedings over the pledgor, whether as to the creation of the share pledge or to the enforcement thereof.

Luxembourg Capital Maintenance Rules. As a general principle, a Luxembourg company may only grant up-stream or cross-stream guarantees if the grant of such pledge meets the corporate benefit test. One of the elements thereof is that the guarantee should not exceed the financial capabilities of the guarantor.

If it is not in the grantor's corporate benefit to grant such guarantees, there is a risk that the granting of the guarantees constitutes a misuse of corporate assets. This may expose the directors of the guarantors to civil and criminal liabilities but might also affect the validity and enforceability of the guarantee.

It has become common Luxembourg market practice to contractually restrict the enforcement of up-stream or cross-stream guarantees and sometimes up-stream or cross-stream security granted by a Luxembourg company in an amount not exceeding a certain percentage, usually between 80 and 90, of the net assets of the company. Such limitations are included in the Baywatch Loan in relation to which

each Baywatch Borrower also guarantees the obligations of each other Baywatch Borrower under the relevant Finance Documents.

As a consequence of the Luxembourg guarantee limitation language and contractual limitation on the enforcement of up-stream and cross-stream guarantees and security, the enforcement of such guarantees and security may be limited as to their amount such that the enforcement proceeds of such guarantee and security may fall short of the amount of debt guaranteed by the Luxembourg guarantor.

THE LOAN PORTFOLIO

(A) **General**

The Loan Portfolio

The "**Loan Portfolio**" includes:

1. A Whole Loan (the "**Sisu Whole Loan**") made to WH 2005 / Niam III East Holding Oy (the "**Sisu Borrower**") to finance the acquisition of shares in and refinance the existing indebtedness of certain owners of several mixed use properties located in Finland and to finance the purchase of certain mixed use properties located in Finland, (the "**Sisu Properties**");

2. A Loan (the "**Odin Loan**") made to Juvan Teollisuuskatu 25 Oy and EPF Juvan Teollisuuskatu 25 Oy (the "**Odin Borrowers**") to finance the acquisition of all of the shares in the owner of a warehouse property located in Finland (the "**Odin Property**");

3. A Whole Loan (the "**Harbour Whole Loan**") made to CStone Kanavaranta (Finland) Oy (the "**Harbour Borrower**") to finance the acquisition of all of the shares in the owner of a mixed use retail and office property located in Helsinki, Finland (the "**Harbour Property**");

4. A Loan (the "**Fortezza II Loan**" made to Torre RE Fund I (the "**Fortezza II Borrower**" to finance the acquisition of a portfolio of office properties located in Italy (the "**Fortezza II Properties**");

5. A Loan (the "**Haussmann Loan**") made to Société Immobilière Privat (the "**Haussmann Borrower**") to refinance an intra-group loan incurred in relation to the acquisition of one building located in Paris, France (the "**Haussmann Property**");

6. A Whole Loan (the "**QueenMary Whole Loan**") made to a group of borrowers, namely MLAMGP1 Partnership S.e.c.s., MLAMGP2 Partnership S.e.c.s., MLAMGP3 Partnership S.e.c.s. and MLAMGP4 Partnership S.e.c.s. (collectively the "**QueenMary Borrowers**") to finance the acquisition of several commercial, residential and mixed-use properties in, *inter alia*, Münster, Koblenz, Braunschweig, Bremen and Ingolstadt (the "**QueenMary Properties**");

7. A Whole Loan (the "**Baywatch Whole Loan**") made to a group of borrowers, namely A-Campus Braunschweig S.à.r.l., B-Trident Dresden S.à.r.l., C-Bruhl Leipzig S.à.r.l., D-Bunnerhelfsts Dortmund S.à.r.l., E-Markische Str Dortmund S.à.r.l., F-Dortmunder Str. Witten S.à.r.l., G-Herren Str. Hagen S.à.r.l. and H-Hohestr./Kaiserstr. Dortmund S.à.r.l. (collectively the "**Baywatch Borrowers**") to finance the acquisition of mixed use properties in Dortmund, Braunschweig, Leipzig, Dresden, Witten and Hagen (the "**Baywatch Properties**"); and

8. A Loan (the "**GSI Loan**") made to Justizzentrum in Halle Wichford GmbH & Co. KG, Wichford Halle II Limited, Wichford Halle III Limited, Wichford Halle IV Limited (the "**GSI Borrowers**") to finance the restructuring of the financing of debt incurred in relation to the acquisition of a property in Halle (the "**GSI Property**").

Summary Loan Statistics

	Sisu	Fortezza II	Haussmann	QueenMary	Baywatch	Odin	GSI	Harbour
Number of Properties	553	11	1	19	9	1	1	1
Cut-off Securitised Balance (€) [(1)]	329,770,458	316,113,713	268,156,667	57,466,621	48,960,347	39,130,000	37,100,000	15,137,943
% of Aggregate Cut-off Securitised Balance	29.7%	28.4%	24.1%	5.2%	4.4%	3.5%	3.3%	1.4%
Cumulative Property Value (€) [(2)]	458,275,214	342,430,000	422,000,000	83,040,000	70,280,000	60,200,000	53,000,000	24,600,000
% of Aggregate Property Value	30.3%	22.6%	27.9%	5.5%	4.6%	4.0%	3.5%	1.6%
Cut-Off Date LTV (%) [(2)(5)]	72.0%	73.7%	63.0%	69.2%	66.0%	65.0%	70.0%	61.5%
Maturity Date LTV (%) [(2)(3)(4)(5)]	67.7%	73.7%	59.3%	65.5%	66.0%	65.0%	70.0%	61.5%
Cut-Off Date ICR [(5)]	1.70	1.46	1.56	1.91	1.51	1.69	1.54	1.73
Maturity Date [(3)]	15-Apr-12	15-Jan-14	15-Jan-14	15-Jan-12	15-Apr-11	15-Jul-13	15-Apr-14	15-Jan-10

(1) Includes the VAT Facility and assumes that all the Capex Facilities and the Reserve Facility are fully drawn.
The figures in relation to the Harbour Loan, the Sisu Loan, the Baywatch Loan and the QueenMary Loan are based on the size of the relevant A piece for the related whole loan on the Cut-off Date.
(2) The following Loans may, at the option of the relevant Borrowers and upon satisfaction of certain conditions, be extended:
Harbour Loan for a period of 1 or 2 years to 15 January 2012,
Baywatch Loan for a period of 1 year to 15 April 2012.
(3) Based on Valuations. See "*Valuations*" below.
(4) Assumes that all the Loans are fully drawn, with the exception of the capex drawings and reserve drawings and excludes the VAT Facility.
(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 and the Sisu Borrower complies with hard LTV Targets.

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	Lower Saxony	4	51,323,654	4.6%	74,090,000	4.9%	68.7%	68.3%
Germany	North Rhine-Westphalia	10	46,000,022	4.1%	63,370,000	4.2%	69.7%	68.8%
Germany	Baden-Württemberg	4	17,041,720	1.5%	23,970,000	1.6%	71.1%	67.3%
Germany	Bavaria	2	4,583,454	0.4%	10,660,000	0.7%	43.0%	40.7%
Germany	Saxony-Anhalt	2	6,383,615	0.6%	9,370,000	0.6%	64.6%	64.6%
Germany	Bremen	3	5,814,196	0.5%	8,490,000	0.6%	68.5%	64.8%
Germany	Hesse	2	3,826,003	0.3%	6,190,000	0.4%	61.8%	58.5%
Germany	Holstein	1	4,706,620	0.4%	5,700,000	0.4%	82.6%	78.2%
Germany	Rhineland-Palatinate	1	3,847,684	0.3%	4,480,000	0.3%	85.9%	81.3%
France	Ile de France	1	268,156,667	24.1%	422,000,000	27.9%	63.0%	59.3%
Italy	Lazio	10	293,681,206	26.4%	318,130,000	21.0%	73.7%	73.7%
Italy	Abruzzo	1	22,432,507	2.0%	24,300,000	1.6%	73.7%	73.7%
Finland	South Western Finland	18	117,777,782	10.6%	170,077,937	11.2%	69.2%	66.5%
Finland	Southern Finland	219	107,596,654	9.7%	152,898,597	10.1%	70.4%	66.8%
Finland	Western Finland	114	92,890,808	8.4%	128,923,427	8.5%	72.1%	67.8%
Finland	Eastern Finland	113	40,374,337	3.6%	56,163,547	3.7%	71.9%	67.6%
Finland	Oulu	39	19,522,814	1.8%	26,850,702	1.8%	72.7%	68.4%
Finland	Lapland	52	5,876,005	0.5%	8,161,005	0.5%	72.0%	67.7%
Total		**596**	**1,111,835,748**	**100%**	**1,513,825,214**	**100%**		

(1) Includes the VAT Facility and assumes that all the Capex Facilities and the Reserve Facility are fully drawn.

The figures in relation to the Harbour Loan, the Sisu Loan, the Baywatch Loan and the QueenMary Loan are based on the size of the relevant A piece for the related whole loan on the Cut-off Date.
(2) Based on Valuations. See "*Valuations*" below.
(3) Assumes that all the Loans are fully drawn, with the exception of the capex drawings and reserve drawings and excludes the VAT Facility.
(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 and the Sisu Borrower complies with hard LTV Targets.

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)]
Finland	555	384,038,401	34.5%	543,075,214	35.9%	70.7%	67.1%
Italy	11	316,113,713	28.4%	342,430,000	22.6%	73.7%	73.7%
France	1	268,156,667	24.1%	422,000,000	27.9%	63.0%	59.3%
Germany	29	143,526,968	12.9%	206,320,000	13.6%	68.3%	66.8%
Total	**596**	**1,111,835,748**	**100%**	**1,513,825,214**	**100%**		

(1) Includes the VAT Facility and assumes that all the Capex Facilities and the Reserve Facility are fully drawn.
The figures in relation to the Harbour Loan, the Sisu Loan, the Baywatch Loan and the QueenMary Loan are based on the size of the relevant A piece for the related whole loan on the Cut-off Date.
(2) Based on Valuations. See "*Valuations*" below.
(3) Assumes that all the Loans are fully drawn, with the exception of the capex drawings and reserve drawings and excludes the VAT Facility.
(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 and the Sisu Borrower complies with hard LTV targets.

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	86	765,627,334	68.9%	1,025,696,490	67.8%	68.1%	65.9%
Retail	187	241,519,360	21.7%	333,424,222	22.0%	72.3%	68.2%
Industrial	26	10,498,489	0.9%	14,682,837	1.0%	71.5%	67.3%
Mixed Use	8	42,838,041	3.9%	63,000,000	4.2%	66.0%	65.7%
Multifamily	17	820,414	0.1%	1,146,499	0.1%	71.6%	67.3%
Warehouse	2	44,641,478	4.0%	67,840,000	4.5%	65.4%	65.4%
Hotel & Leisure	12	1,014,160	0.1%	1,328,291	0.1%	76.4%	71.8%

Other	258	4,876,472	0.4%	6,706,876	0.4%	72.7%	68.4%
Total	**596**	**1,111,835,748**	**100%**	**1,513,825,214**	**100%**		

(1) Includes the VAT Facility and assumes that all the Capex Facilities and the Reserve Facility are fully drawn.
(2) Based on Valuations. See "*Valuations*" below.
(3) Assumes that all the Loans are fully drawn, with the exception of the capex drawings and reserve drawings and excludes the VAT Facility.
(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 and the Sisu Borrower complies with hard LTV Targets.

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 analysis of the contractual cash flows, 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 and there has been no revaluation of the Properties for the purpose of the issue of the Notes. 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 professional fees incidental thereto. Cover must also be maintained for loss of rent.

The Loan Agreements 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 (except for the Haussmann Loan Agreement) and that the policies stipulate that any insurance proceeds are to be paid directly to the relevant Security Agent (except for the Haussmann Loan) with the exception of third party insurance . 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 in or towards prepayment

or repayment of the related Loan except for the Haussmann Loan Agreement. Administration of the insurance arrangements will be delegated by the relevant Security Agent to the Master Servicer and the Special Servicer in accordance with and pursuant to the terms of the Servicing Agreement.

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, Mayer Brown Rowe & Maw LLP, Ashurst, White and Case, Allez and Associates, Maurizio Misurale, Borenius & Kemppinen, Boekel de Neree, Beiten Burkhardt, Gleiss Lutz, Hannes Snellman and Linklaters. 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 Haussmann Borrower and the Italian 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.

These Borrowers (other than the Fortezza II Borrower) 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.

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

The Issuer is not required to make any further advance in respect of any Loan after the Closing Date. Furthermore, following the sale of the Loans to the Issuer and consequent transfer to the Issuer of the beneficial interests in the Related Security, the 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 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 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.

Subordination Agreements

The Haussmann Loan, each Finnish Loan and the QueenMary Loan provide for subordinated debt and have subordination arrangements in place (the "**Subordination Arrangements**"). These Subordination Agreements regulate the respective rights and obligations of the relevant parties with respect to:

(a) any other indebtedness (which may include, in particular, intra–group loans, shareholder loans and fee arrangements), owed by the relevant Borrower to creditors specified therein as "subordinated" (any such creditor, a "**Subordinated Creditor**") to the Lender under the Haussmann Loan and the QueenMary Loan; and

(b) such other financings (which may include capex) extended by any such Lender(s) under the Haussmann Loan and the QueenMary Loan.

Each of the Subordinated Creditors represents and warrants to each Finance Party that its payment obligations under the respective Subordination Arrangement rank at least *pari passu* with all its other present and future unsecured payment obligations, except for obligations mandatorily preferred by law.

Intercreditor Agreements

Each of the Sisu Whole Loan, the Baywatch Whole Loan, the QueenMary Whole Loan and the Harbour Whole Loan will have A Pieces and 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 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.

(j) Pursuant to the terms of the relevant Intercreditor Agreement and any Swap Agreement entered into by the Issuer with respect to any Whole Loan, the Issuer shall be required to pay any amounts owed to the relevant Swap Provider with respect to the A Piece as well as the B Piece, including, without limitation, any termination payments (a "**Swap Payment**"). The Issuer shall, on any Payment Date, be entitled to withdraw an amount equal to the relevant B Lender's pro rata share of the relevant Swap Payment from funds standing to the credit of the relevant Tranching Account that would otherwise be distributable to the relevant B Piece Lender and deposit such funds in the Issuer Transaction Account. If there are insufficient amounts (that would otherwise be distributable to the B Piece Lender) standing to the credit of the relevant Tranching Account, the relevant B Piece Lender shall be required to make a payment of such shortfall to the Issuer, which amount shall be deposited to the credit of the Issuer Transaction Account.

The Security Package - General Considerations

General

The security described in each section below is granted in favour of each relevant Security Agent (other than in relation to the Italian Loan where the security has been granted to the relevant originator) as the relevant Security Agent for each of the Loans. Each relevant Security Agent holds such security, along with the relevant Security Agent's interest in the insurance policies, on trust for the benefit of the relevant Originator and relevant B Piece Lender, if applicable.

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 German Properties;

(b) a lender's lien (*privilège de prêteur de deniers*) and a second ranking mortgage (*hypothèque*) governed by French law in respect of the Haussmann Property;

(c) first-ranking mortgages (*kiinteistökiinnitys*) governed by Finnish law in respect of the mortgaged Finnish Properties; and

(d) first-ranking mortgages (*ipotecari fondiari*) governed by Italian law in respect of the Italian 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 unless otherwise specified in this Prospectus.

Events of Default; Enforcement of the Security

The Loan Agreements set out certain events of default following the occurrence of which any land charges, and/or other security for the repayment of the Loans may be enforced. Subject to any applicable grace periods, remedies, materiality and certain applicable qualifications, the specified events in respect of each Loan Agreement 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;

(f) cessation of business by a Borrower;

(g) subject to certain qualifications, change of control of a Borrower or, in case of the QueenMary Loan, change of control in the QueenMary Partnership;

(h) illegality;

(i) under the QueenMary Loan, compulsory purchase of QueenMary Property provided that such compulsory purchase would have a material adverse effect; and

(j) where there are several Borrowers in respect of a Loan, a default by any of such Borrowers.

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 Finnish Loans

(i) The Sisu Whole Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€391,865,297	€331,865,297	€60,000,000
Cut-Off Date Principal Balance	€389,770,458	€329,770,458	€60,000,000
Projected Balance at Maturity[1]	€366,620,171	€310,183,851	€56,436,320

Undrawn Capex/TI Facility	-
VAT Facility	-

Loan Purpose	Acquisition
Funding Date	30 March 2007
First Interest Payment Date	15 July 2007
Loan Maturity Date	15 April 2012
Remaining Term	4.6 yrs
Extension Option (s)	None
Loan Interest Type	Floating
Loan Coupon[2]	5.8%
Primary Loan Security	86% 1st ranking mortgage, (80.9% registered, 5% registration pending), 14%Share Pledge
Borrower (s)	WH2005 / NIAM III EAST HOLDING OY
Borrower Location	Finland
Amortisation	Hard LTV step down covenants
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Mixed
No. of Properties	553
Property Location	Finland
Year Built / Renovated	1850 - 2006
Tenure	Freehold - Leasehold
Property /Asset Manager	Sponda PLC
Net Lettable Area (sqm)	547,814
Total Gross Rental Income p.a.	€49,789,659
Total Net Rental Income p.a.	€30,586,685
ERV	€54,993,786

Occupancy (as % of Net Lettable Area)	81.8%
Appraised Market Value	€458,275,214
Date of Valuation	28-Feb-2007 - 01-Apr-2007
Valuer	DTZ - Newsec
VPV	n/a
Number of Unique Commercial Tenants	1389
Number of Commercial Leases	2712
WAULT to First Break / Expiry(3)	4.7 yrs/4.7 yrs
% of Investment Grade Income (4)	21.8%

(1) Assumes (a) timely receipt of principal and interest due under the Loans and (b) no loan extensions being exercised

(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 with the exclusion of all the indefinite leases.

(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

General.

The Sisu Whole Loan was made pursuant to a loan agreement dated 29 March 2007 between, Lehman Brothers International (Europe) (in its capacity as the "**Sisu Arranger**" and the "**Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as the "**Sisu Original Lender**", and together with any transferees, the "**Sisu Lenders**", the Sisu Lenders, Sisu Arranger and Security Agent jointly the "**Sisu Finance Parties**"), WH 2005 / Niam III East Holding Oy (the "**Sisu Borrower**") and which has been amended by an amendment agreement dated 30 March 2007 (the "**Sisu Loan Agreement**"). The Sisu Loan Agreement is governed by English law.

The Sisu Borrower has on-lent certain loans (the "**Sisu Intragroup Loans**") to certain Sisu PropCos (as defined below). The purpose of the Sisu Intragroup Loans is to refinance existing indebtedness. The Sisu Intragroup Loans are made pursuant to loan agreements executed on 30 March 2007 (the "**Sisu Intragroup Loan Agreements**").

Pursuant to a subordination agreement dated 30 March 2007, any claims of certain creditors affiliated with the equity sponsors and the Sisu Borrower are subordinated to any claims of the Sisu Finance Parties (the "**Sisu Subordination Agreement**").

The Sisu Borrower.

The Sisu Borrower is a private limited liability company (*osakeyhtiö*) registered in Finland. The Sisu Borrower is wholly owned and controlled by KS Proveniens 192 AB (the "**Sisu Sub-HoldCo**"), a limited liability company registered in Sweden, which in turn is wholly owned and controlled by KS Proveniens 191 AB (the "**Sisu HoldCo**"). The Sisu HoldCo is owned by Niam III Holding AB and W2005 Sisu B.V., each holding 50% of the shares. The Sisu Borrower wholly owns and controls WH2005 / Niam III East (Asset) Oy (the "**Sisu Property Company**"), a private limited liability company registered in Finland. Pursuant to the Sisu Loan Agreement, the Sisu Property Company has been converted into a mutual real estate company as a result of which all or part of the rental income in respect of the Sisu Properties owned by it is payable to its shareholder, the Sisu Borrower.

The Sisu Properties

The Sisu portfolio consists of commercial and other properties located in Finland, details of which are set out in the table below (the "**Sisu Properties**" and each individually, a "**Sisu Property**"). The Sisu Properties are either real estate freeholds or leaseholds owned by the Sisu Property Company, or owned by a Finnish mutual real estate company or a Finnish housing company owned wholly or in part by the Sisu Borrower (the "**Sisu Target PropCos**", together with the Sisu Property Company, the "**Sisu PropCos**"). The Sisu Properties together with other properties owned by the Sisu PropCos are divided into sales properties (the "**Sisu Sales Properties**") and other 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]
Turun Yliopistonkatu 22 Kiint Oy	Retail	Leasehold	55,645,900	3,034,910	12,700	Stockmann Oyj Abp	6.3 / 6.3
Hermitec Oy	Office	Freehold	20,491,160	1,216,340	9,958	Multiple	5.9 / 5.9
Oulun Posteljooni Kiint Oy	Office	Freehold	20,291,247	1,519,596	15,088	Multiple	3.3 / 3.3
Jyväskylän Kauppakatu 32 Kiint Oy	Retail	Freehold	19,791,462	1,217,770	8,166	Multiple	6.0 / 6.0
Kotkan liikekeskus	Retail	Freehold	17,453,578	678,995	11,268	Multiple	4.4 / 4.4
Porin Pentinkulma Kiint Oy	Office	Freehold	13,894,006	1,132,414	14,998	Multiple	1.5 / 1.5
Turun Centrum Kiint Oy	Retail	Freehold	13,539,569	730,151	8,444	Multiple	4.0 / 4.0
Tuusulan Pysäkkikuja 1 Kiint. Oy	Retail	Freehold	13,114,677	916,663	4,076	Multiple	11.7 / 11.7
Lahden Kulmala Koy	Retail	Freehold	10,795,343	585,718	7,063	Multiple	6.0 / 6.0
Mikkelin Hallitustori Kiint Oy	Retail	Freehold	9,805,770	556,435	5,869	Multiple	5.5 / 5.5
Remaining properties	Office / Retail	Freehold / Leasehold	263,452,501	18,997,694	450,185	Multiple	4.0 / 4.0
Total			**458,275,214**	**30,586,685**	**547,814**		**4.7 / 4.7**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

The Sisu Whole Loan is secured by real estate mortgages (*kiinteistökiinnitys*) registered against 100 Sisu Properties. In addition, shares in the Sisu Borrower and the Sisu Property Company are pledged to the Sisu Finance Parties. The Sisu Borrower has pledged all shares in the Sisu Target PropCos to the Sisu Finance Parties. To the extent that the Sisu Target PropCos are not wholly owned by the Sisu Borrower, only the shares held by the Sisu Borrower have been pledged.

The Sisu Borrower and certain Sisu Target PropCos controlled by the Sisu Borrower are prohibited from granting any security over their assets to a third party and the Sisu Borrower and all Sisu Target PropCos controlled by the Sisu Borrower are prohibited from incurring any debt, other than in certain limited circumstances. In respect of all Sisu Target PropCos which are not wholly owned, the Sisu Borrower shall

use all reasonable endeavours to ensure that no third party shareholder (i) materially adversely affects the Sisu Borrower's right to, *inter alia*, rental income, (ii) materially adversely affects the unencumbered title of that Sisu Target PropCo to any Sisu Property or (iii) materially increases the indebtedness of any Sisu Target PropCo.

Insurance under the Sisu Loan Agreement.

The Sisu Borrower is required to maintain insurance in respect of each Sisu Property, trade and fixtures with a substantial and reputable insurance office or underwriters having the requisite rating. The insurance must cover, amongst other risks, terrorism (to the fullest extent available in the market), third party liability, damage to property and such other risks as are insured in accordance with sound commercial practice. The Sisu Borrower shall also maintain insurance for at least 18 months' loss of rent. If required or permitted under relevant lease agreement, the proceeds of any insurance policy may be used by the Sisu Borrower or the relevant Sisu PropCo to repair and/or reinstate the relevant Sisu Property and any proceeds not so used shall be paid into the Sisu Insurance Proceeds Account (see "*Sisu Insurance Proceeds Account*" below).

Property Management

Each Sisu Property is managed by Sponda Plc, a limited liability company registered in Finland, under a portfolio management & service agreement (the "**Sisu Managing Agent**"). The Sisu Borrower and the wholly-owned Sisu PropCos may terminate the appointment of any Sisu Managing Agent only with the consent of the Security Agent or in certain circumstances where that Sisu Managing Agent is in breach of the relevant Sisu Management Agreement or the relevant duty of care agreement or an insolvency event has occurred in respect of that Sisu Managing Agent. If the Sisu Managing Agent breaches the Sisu Management Agreement or a duty of care agreement in any material respect and such breach is not remedied within a certain period, the Security Agent may require the Sisu Borrower to appoint a new managing agent on terms approved by the Security Agent. The Sisu Managing Agent has entered into a duty of care agreement with the Security Agent and the Sisu Borrower. There is also an asset management with Niam AB acting as asset manager. The asset manager has also entered into a duty of care agreement with the Security Agent and the Sisu Borrower.

Repayment.

The Sisu Whole Loan shall to be repaid in full (including all other amounts outstanding) on 15 April 2012. The Sisu Whole Loan shall be repaid on each Interest Payment Date in such amount as to meet the Sisu Hard Loan to Value Threshold (as defined below).

"**Sisu Hard Loan to Value Threshold**" means in relation to each Interest Payment Date, the following loan to value:

Period in which Interest Payment Date falls	Loan to Value of the Sisu Whole Loan
From 30 March 2007 to and including the date 18 months less one day after 30 March 2007.	93.0 per cent.
From the date 18 months after 30 March 2007 to and including the date 30 months less one day after 30 March 2007.	90.0 per cent.
From the date 30 months after 30 March 2007 to and including the date 42 months less one day after 30 March 2007.	85.0 per cent.
From the date 42 months after 30 March 2007 to and including the date 48 months less one day after 30 March 2007.	82.0 per cent.
From the date 48 months after 30 March 2007 to and including the date 60 months less one day after 30 March 2007.	80.0 per cent.

Prepayment.

The Sisu Loan Agreement provides for mandatory and voluntary prepayment. Any voluntary prepayment made must include accrued interest if to the extent of the relevant interest period and any break costs.

The Sisu Whole Loan may be prepaid upon five business days' prior written notice to the Security Agent, provided that the amount of any single prepayment shall not be less than EUR 500,000. Voluntary prepayment is also permitted in respect of a Sisu Finance Party's participation in the Sisu Whole Loan together with any accrued interest up to the next Interest Payment Date upon five business days' prior notice if the Sisu Borrower is liable for any amount to such Sisu Finance Party under the (i) tax gross up and indemnities or (ii) the increased costs provisions of the Sisu Loan Agreement or the illegality provision of the Sisu Loan Agreement otherwise applies in relation to such Sisu Finance Party, unless the relevant Sisu Finance Party confirms within five business days (subject to any applicable laws, regulations or treaties, that relevant Sisu Borrower is not so liable).

A mandatory prepayment of the Sisu Whole Loan shall be made in the event of a disposal of any part of any Sisu Property or any shares in any Sisu PropCo (a "**Sisu Disposal**"). On the date of the completion of a Sisu Disposal, the relevant release amount (see "*Sisu Release Amount*" below) must be deposited into the Sisu Sales Account and the relevant release price (see "*Sisu Release Price*" below) is applied by the Security Agent against prepayment of the Sisu Whole Loan and otherwise in accordance with the order of application applicable to the Sisu Sales Account. Such funds credited on the Sisu Sales Account in accordance with the order of application applicable to the Sisu Sales Account will be deemed to be a prepayment of the Sisu Whole Loan as of the following Interest Payment Date or any earlier date at the option of the Sisu Borrower subject to the payment of all break costs.

Disposals of Sisu Sales Properties are subject to a cumulative deficit test, pursuant to which the cumulative difference between (i) the sum of Sisu Release Prices and prepayment fees in respect of Sisu Sales Properties and (ii) the Sisu Net Disposal Proceeds for Sisu Sales Properties, less any distributions under item (d) under Distributions from the Sisu Sales Account below (the "**Sisu Sales RA Cumulative Deficit**") shall not exceed one per cent of the outstanding Sisu Whole Loan.

"**Sisu Release Amount**" means, for a Sisu Sales Property, the lesser of (i) disposal proceeds deducted by relevant selling expenses and taxes (the "**Sisu Net Disposal Proceeds**") and (ii) the sum of the relevant Sisu Release Price and certain prepayment fee, provided that the Sisu Sales RA Cumulative Deficit must not at any time exceed one per cent of the outstanding Sisu Whole Loan at the relevant time and no distribution or dividend may be made to the Sisu Sub-HoldCo while a Sisu Sales RA Cumulative Deficit is in existence. For each other property the Sisu Release Amount means the sum of the relevant Sisu Release Price and the applicable prepayment fee (if any).

"**Sisu Release Price**" means, for each Sisu Sales Property disposal, an amount equal to 107 per cent., and for any other Sisu Property, an amount equal to 111 per cent., of the loan allocation for such Sisu Property or the shares of such Sisu PropCo less any amount required to prepay or repay any existing indebtedness related to such Sisu Property.

Financial covenants.

Pursuant to the Sisu Loan Agreement, the Sisu Borrower shall ensure that on each Interest Payment Date the Sisu Loan to Value Ratio and the Sisu Interest Cover Test are met.

Financial Ratios

Financial Ratios

	A-Note		**Whole Loan**	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.70x	1.95x	1.33x	1.52x
DSCR [(2)]	1.70x	1.95x	1.33x	1.52x
LTV [(1)(2)]	72.0%	67.7%	85.1%	80.0%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn.

If the Sisu Loan to Value Ratio exceeds the relevant Sisu Hard Loan to Value Threshold on any Interest Payment Date, an event of default shall occur unless, within ten business days of the Interest Payment Date on which the Loan to Value Ratio has exceeded the relevant Sisu Hard Loan to Value Threshold, the Sisu Borrower has repaid the Sisu Whole Loan in such an amount so that the Sisu Loan to Value Ratio is equal to or less than the relevant Sisu Hard Loan to Value Threshold.

If the Sisu Loan to Value Ratio exceeds the Sisu Soft Loan to Value Threshold, a cash trap mechanism shall be triggered in respect of each relevant bank account (see "*The Sisu Bank Accounts*").

If the Sisu Interest Cover is less than 100 per cent on any two consecutive Interest Payment Dates or on any four Interest Payment Dates an event of default shall occur unless, within ten business days of the last Interest Payment Date on which the Sisu Interest Cover is less than 100 per cent, the Sisu Borrower repays the Sisu Whole Loan in an amount so that the Sisu Interest Cover is not less than 100 per cent.

If the Sisu Interest Cover Test is breached on two consecutive Interest Payment Dates, the Sisu Borrower shall, on the second of the two Interest Payment Dates and each subsequent Interest Payment Date until the breach is cured, repay the Sisu Whole Loan in an amount equal to the aggregate of any existing surplus (after application of all amounts pursuant to items (a) to (g) (inclusive) under Distributions from Sisu Debt Service Account as defined below) in the Sisu Debt Service Account up to the amount necessary to cure the breach (less any amount released from the Sisu Debt Service Account by the Security Agent to the Sisu Borrower to enable the Sisu Borrower or any Sisu PropCo to meet certain expenses) and any further surplus after application of all amounts specified in items (a) to (g) (inclusive) under Distributions from Sisu Debt Service Account below) up to the amount necessary to cure the breach.

If on any Interest Payment Date, the Sisu Net Rental Income is less than required to comply with any financial covenant, the Sisu Borrower may credit or procures that there are credited to the Sisu Cash Trap Account sufficient monies (the "**Sisu Relevant Amount**") so that the Sisu Borrower is and will be in compliance with that financial covenant. Any portion of the Relevant Amount paid by a person other than the Sisu Borrower must be made by way of a loan or non-redeemable equity contribution by such person to the Sisu Borrower and if made by way of a loan, such person must accede as a subordinated creditor to the Sisu Subordination Agreement. If, on any Interest Payment Date on which (i) the Sisu Interest Cover is not less than 120 per cent and the Sisu Loan to Value is equal to or less than the applicable Sisu Hard Loan to Value Threshold after excluding all Sisu Relevant Amounts in the Sisu Cash Trap Account and (ii) no event of default is continuing, the Sisu Relevant Amount shall be released and deposited to the Sisu General Account.

Details of the Sisu Borrower's calculations of the Sisu Projected Net Rental Income for the next four interest periods and the Sisu Projected Financing Costs (as defined below) for the next four interest periods together with its calculation of the relevant Sisu Loan to Value must be provided to the Security Agent not less than five business days prior to each Interest Payment Date. In the event that the Sisu Borrower and the Security Agent disagree on the calculations after negotiating for a period of five business days, the Security Agent's calculation will prevail.

"**Sisu Loan to Value Ratio**" means that the ratio of the outstanding balance of the Sisu Whole Loan (after deducting therefrom, without double counting, an amount equal to the aggregate of (i) any repayment or prepayment of the Sisu Whole Loan on such date, (ii) any cash amounts standing to the credit of the Sisu Sales Account, the Sisu Insurance Proceeds Account and the Sisu Cash Trap Account (as defined below) and (iii) the monies standing to the credit of the Sisu Debt Service Account (as defined below) after allowance for payment of sums due on the next relevant Interest Payment Date pursuant to items (a) to (c) under Distribution from the Sisu Debt Service Account as defined below) to the total market value (after deducting purchase costs and transfer tax payable by the purchaser in relation to that Sisu Property) of the Sisu Properties as of the then latest valuation is equal to or less than the applicable Sisu Hard Loan to Value Threshold.

"**Sisu Interest Cover Test**" means that the Sisu Borrower shall ensure that on any Interest Payment Date, the Sisu Projected Net Rental Income as a percentage of the Sisu Projected Finance Costs is not less than 120 per cent

"**Sisu Projected Finance Costs**" means, for any Sisu Interest Period, the aggregate of all interest payments together with the applicable margin and mandatory costs payable by the Sisu Borrower to the

Sisu Finance Parties under the Sisu Loan Agreement in respect of the outstanding Sisu Loan on the Interest Payment Date falling on the last day of that interest period, less all amounts which would be receivable by the Sisu Borrower during, or at the end of, that interest period under a hedging document (without double counting and other than in respect of any Issuer Swap Amount).

"**Sisu Projected Net Rental Income**" means, for any interest period, the Sisu Borrower's good faith estimate of rental income receivable by the Sisu Property Company or the Sisu Borrower in respect of the Sisu Properties (deducted by (i) payments from tenant deposits or other security, (ii) proceeds paid by a tenant for a breach of covenant and (iii) VAT on any part of the rental income, the "**Sisu Net Rental Income**") during or at the end of that interest period after deducting (i) the Sisu Borrower's good faith estimate of operating expenses and (ii) all such rental income payable by a tenant that is insolvent or more than three months overdue on its rental payments. For the purposes of determining the Sisu Projected Net Rental Income, it is assumed that (i) each break clause in each lease agreement will be exercised at the earliest possible time (excluding rolling break clauses not exercised at the beginning of the relevant period) and that part of the property will remain vacant thereafter, provided that for any lease containing a break clause exercisable during the next four interest periods for which the tenant has not exercised the break right at the beginning of the relevant period, 50 per cent of rent will remain payable after the date on which the break right may be exercised and (ii) any potential increase in rental income will be taken into account only if contractually bound to occur.

"**Sisu Soft Loan to Value Threshold**" means in relation to each Interest Payment Date the following loan to value:

Period in which Interest Payment Date falls	Loan to value
From 30 March 2007 to and including the date 12 months less one day after 30 March 2007.	90.0 per cent.
From the date 12 months after 30 March 2007 to and including the date 18 months less one day after 30 March 2007.	87.5 per cent.
From the date 18 months after 30 March 2007 to and including the date 24 months less one day after 30 March 2007.	85.0 per cent.
From the date 24 months after 30 March 2007 to and including the date 30 months less one day after 30 March 2007.	82.5 per cent.
From the date 30 months after 30 March 2007 to and including the date 36 months less one day after 30 March 2007.	80.0 per cent.
From the date 36 months after 30 March 2007 to and including the date 42 months less one day after 30 March 2007.	77.0 per cent.
From the date 42 months after 30 March 2007 to and including the date 48 months less one day after 30 March 2007.	74.0 per cent.
From the date 48 months after 30 March 2007 to and including the date 54 months less one day after 30 March 2007.	71.0 per cent.

The Sisu Bank Accounts.

The Sisu Borrower has opened accounts as follows:

(a) a current account designated "**Sisu Rent Collections Account**";

(b) a current account designated "**Sisu Operating Account**";

(c) a current account designated "**Sisu Debt Service Account**";

(d) a deposit account designated "**Sisu Sales Account**";

(e) a deposit account designated "**Sisu Cash Trap Account**";

(f) a deposit account designated "**Sisu Insurance Proceeds Account**"; and

(g) a current account designated "**Sisu General Account**",

together referred to as the "**Sisu Borrower Accounts**".

On the Loan Maturity Date of the Sisu Whole Loan or if any part of the Sisu Whole Loan becomes due and payable under the Sisu Loan Agreement (after expiration of all applicable grace periods), the monies standing to the credit of the Sisu Borrower Accounts or on certain bank accounts of the wholly-owned Sisu PropCos may be applied by the Security Agent in or towards payment of the Sisu Whole Loan and other secured obligations.

Distributions from the Sisu Rent Collections Account.

The Sisu Borrower will ensure that all rental income (excluding tenant deposits as security), all insurance proceeds in respect of loss of rent as well as any refunds of VAT received by or for the account of the Sisu Borrower or any Sisu PropCo shall be paid into the Sisu Rent Collections Account. The Sisu Borrower has sole signing rights to the Sisu Rent Collections Account provided that if an event of default is continuing, the Security Agent shall have signing rights to that account.

Provided that no event of default is continuing, the Sisu Borrower may, or as the case may be, will at the times specified below withdraw from or retain in the Sisu Rent Collections Account such amount as it may properly determine for application in or towards the following items:

(a) *first,* at any time during any calendar month (i) an amount equal to certain permitted expenses and (ii) on account of property taxes and any non-monthly property related operating expenses due by the Sisu Borrower or any Sisu PropCo or in respect of which the Sisu Borrower or any Sisu PropCo reasonably elects to reserve against future liabilities falling due within the next year to meet the future expenditure provided that written notice of each amount is given to the Security Agent. These amounts shall be transferred to the Sisu Operating Account to the extent that they relate to expenses incurred or to be incurred by the Sisu Borrower or any Sisu PropCo;

(b) *second,* on the last business day of each month (but every Monday, if there is a continuing breach of a financial covenant or an event of default), the Sisu Borrower will transfer to the Sisu Debt Service Account such amount as is necessary to meet all interest, costs, fees, expenses and principal due by the Sisu Borrower to the Sisu Finance Parties on the next Sisu Interest Payment Date after taking into account amounts already standing to the credit of the Sisu Debt Service Account;

(c) *third,* on the last business day of each calendar month, if the Sisu Borrower is in continuing breach of a financial covenant, all surplus monies as regards the paragraph (a) and (b) above shall be transferred to the Sisu Debt Service Account.

(d) *fourth,* on the last business day of each calendar month, payment of all other management fees and costs (other than certain fees (if any) payable under the Sisu Management Agreements);

(e) *fifth,* provided that no event of default is continuing and provided there is not a continuing breach of a financial covenant, at any time after all monies required to meet all interest, costs, fees, expenses and principal due by the Sisu Borrower to the Sisu Finance Parties on the next Interest Payment Date or if on a relevant Interest Payment Date, the next Interest Payment Date have been credited to the Sisu Debt Service Account, any surplus shall be paid into the Sisu General Account or retained in the Sisu Rent Collections Account at the Sisu Borrower's discretion.

While an event of default is continuing or on non-repayment of the Sisu Whole Loan on maturity, the Security Agent may apply monies standing to the credit of the Sisu Rent Collections Account in payment of certain expenses, and/or amounts outstanding under the Sisu Loan Agreement and certain related documents in its sole discretion provided, however, that the Security Agent shall acknowledge any tenant rights as to the application of any tenant contributions to operating expenses or VAT or similar taxes standing to the credit of that account.

Distributions from the Sisu Operating Account.

The Sisu Borrower has sole signing rights to the Sisu Operating Account provided that if an event of default is continuing, the Security Agent shall have signing rights to that account. The Sisu Borrower may delegate sole signing rights to the Sisu Operating Account to any Sisu Managing Agent.

Proceeds on deposit in the Sisu Operating Account may be withdrawn by the Sisu Managing Agent and/or the Sisu Borrower, or if an event of default is continuing, by the Security Agent to be applied in a manner consistent with the provisions of the Sisu Loan Agreement in payment of certain expenses relating to the Sisu Borrower and/or Sisu Propcos and on account of property taxes and any non-monthly property related operating expenses due by the Sisu Borrower and/or any Sisu Propco.

Distributions from the Sisu Debt Service Account.

In addition to the funds from the Sisu Rent Collections Account, the Sisu Borrower will ensure that all amounts paid to the Sisu Borrower under any hedge transaction and, to the extent not already funded on any Sisu Disposal, an amount equal to break costs to the extent payable are paid into the Sisu Debt Service Account. The Security Agent has sole signing rights to the Sisu Debt Service Account.

On each Sisu Interest Payment Date, the Security Agent will withdraw from the Sisu Debt Service Account such amount as it may properly determine for application in or towards the following items:

(a) *first*, unpaid ground rent due and payable under any lease agreements out of which the Sisu Borrower or any Sisu Propco derives its interest in the Sisu Property;

(b) *second*, any unpaid costs and expenses owed and due and payable to the Sisu Finance Parties by the Sisu Borrower under the Sisu Loan Agreement and certain related documents;

(c) *third*, in or towards payment *pro rata* of all accrued interest and fees due but unpaid under the Sisu Loan Agreement and certain related documents;

(d) *fourth*, in or towards payment *pro rata* of the Sisu Whole Loan, to the extent due and payable to the Lenders as result of breach of Sisu Hard Loan to Value Threshold or the required Sisu Interest Cover on two consecutive Sisu Interest Payment Dates;

(e) *fifth*, all or part of any other secured obligations under the Sisu Loan Agreement and certain related documents to the extent due and payable;

(f) *sixth*, if the Sisu Loan to Value ratio exceeds the relevant Sisu Soft Loan to Value Threshold, all surplus monies shall be transferred to the Sisu Cash Trap Account up to an amount required to be retained in the Sisu Cash Trap Account (after deducting any monies which have been paid out of the Sisu Cash Trap Account) to ensure that the Sisu Loan to Value is equal to or less than the Soft Loan to Value Threshold;

(g) *seventh*, if there is a breach of the required Sisu Interest Cover or an event of default is continuing, all surplus monies up to an amount necessary to cure such breach or event of default, shall be transferred to the Sisu Cash Trap Account until the next Sisu Interest Payment Date; and

(h) *eighth*, any surplus, provided that there is no event of default continuing and that the Sisu Borrower is not in breach of a financial covenant to be paid to the Sisu General Account.

While an event of default is continuing or on non-repayment of the Sisu Whole Loan on maturity, the Security Agent may apply monies standing to the credit of the Sisu Debt Service Account in payment of certain expenses, and/or amounts outstanding under the Sisu Loan Agreement and certain related documents in its sole discretion.

Distributions from the Sisu Sales Account.

The Sisu Borrower will ensure that (i) the Sisu Release Price including any prepayment fees with respect to any Sisu Disposal as well as (ii) an amount equivalent to the after-tax amount (less collection costs and any payments made to rectify any related damage or loss) of any monies recovered following a claim for breach of representation or warranty or following a claim against a professional or other adviser in

connection with any report or advice in relation to the acquisition of a Sisu Property are paid into the Sisu Sales Account. The Security Agent has sole signing rights to the Sisu Sales Account.

On each Sisu Interest Payment Date (or on an earlier date specified by the Sisu Borrower and subject to the Sisu Borrower paying the relevant break costs), the Security Agent will apply all the amounts credited to the Sisu Sales Account towards the following items:

(a) *first*, any unpaid ground rent due and payable under any lease agreements out of which the Sisu Borrower or any Sisu Propco derives its interest in a Sisu Property;

(b) *second*, in or towards payment *pro rata* of all accrued interest, fees, costs and expenses owed and due and payable under the Sisu Loan Agreement and certain related documents;

(c) *third*, in or towards payment *pari passu* and *pro rata* of:

(i) the Sisu Whole Loan, to the extent due and payable to the Lenders as a result of breach of the Sisu Hard Loan to Value Threshold; and

(ii) an amount equal to any Sisu Release Price or aggregate Sisu Release Price and any prepayment fee due on the prepayment of the Sisu Whole Loan (or part thereof) prepaid in connection with the relevant Sisu Disposal;

(d) *fourth*, in or towards payment of any outstanding Sisu Sales RA Cumulative Deficit;

(e) *fifth*, if the Loan to Value exceeds the relevant Soft Loan to Value Threshold, all surplus monies shall be transferred to the Sisu Cash Trap Account up to an amount required to be retained in the Sisu Cash Trap Account to ensure that the Sisu Loan to Value is equal to or less than the Sisu Soft Loan to Value Threshold;

(f) *sixth*, if there is a breach of the required Sisu Interest Cover or an event of default is continuing, all surplus monies up to an amount necessary to cure each breach or event of default, shall be transferred to the Sisu Cash Trap Account until the next Interest Payment Date; and

(g) *seventh*, provided that no event of default is continuing and provided there shall not be a continuing breach of a financial covenant, any surplus shall be transferred to the Sisu General Account.

While an event of default is continuing or on non-repayment of the Sisu Whole Loan on maturity, the Security Agent may apply monies standing to the credit of the Sisu Debt Service Account in payment of certain expenses, and/or amounts outstanding under the Sisu Loan Agreement and certain related documents in its sole discretion.

Distributions from the Sisu Cash Trap Account.

If in breach of a financial covenant or an event of default is continuing, the Sisu Borrower will pay or procure that a Sisu PropCo that is controlled by the Sisu Borrower pays the amount equal to the excess (if any) of (i) Sisu Net Disposal Proceeds in respect of the Sisu Disposal of any Sisu Property over (ii) the Sisu Release Amount in respect of such Sisu Disposal and such payments as are required pursuant to paragraphs (a) to (d) under Distributions from the Sisu Sales Account into the Sisu Cash Trap Account. The Security Agent has sole signing rights to the Sisu Cash Trap Account.

While a breach of financial covenant is continuing or the Sisu Loan to Value ratio is greater than the Sisu Soft Loan to Value Threshold, all surplus monies standing to the credit of the Sisu Cash Trap Account shall be retained in that account or shall be applied by the Security Agent following the Sisu Borrower's request in or towards the:

(a) payment of, upon receipt by the Security Agent from the Sisu Borrower of summary details in writing, any permitted expenses (excluding certain management fees and costs) due and payable to the extent that such permitted expenses cannot be paid when due and payable from monies deposited in the Sisu Rent Collections Accounts or the Sisu Operating Account;

(b) prepayment of the Sisu Whole Loan; or

(c) payment to fund or maintain funding of a Sisu Relevant Amount,

but if there shall have been a breach of a financial covenant or the Sisu Loan to Value is greater than the relevant Sisu Soft Loan to Value Threshold on two consecutive Interest Payment Dates, the Security Agent may apply any amount (to the extent necessary to cure such breach or to ensure that the Sisu Loan to Value is equal to or less than the relevant Sisu Soft Loan to Value Threshold) on behalf of the Sisu Borrower in part prepayment on the Sisu Whole Loan subject to no default arising on account of any such payment and provided that, upon the written request by the Sisu Borrower, the Security Agent shall apply any amounts necessary for the payment of permitted expenses.

While an event of default is continuing or on non-repayment of the Sisu Whole Loan on maturity, the Security Agent may apply monies standing to the credit of the Sisu Debt Service Account in payment of certain expenses, and/or amounts outstanding under the Sisu Loan Agreement and certain related documents in its sole discretion.

On an Interest Payment Date when the Sisu Borrower is in compliance with all financial covenants, the Sisu Loan to Value is equal to or less than the relevant Sisu Soft Loan to Value Threshold and no default is continuing, the Security Agent shall upon the Sisu Borrower's request transfer all monies standing to the credit of the Sisu Cash Trap Account to the General Account.

Distributions from the Sisu Insurance Proceeds Account

For as long as there is no breach of a financial covenant or an event of default is not continuing, the Sisu Borrower must ensure that the net insurance proceeds (other than in respect of loss of rent and proceeds paid by the insurer directly to a contractor) not used to repair and/or reinstate the relevant Sisu Property as required or permitted by the relevant lease agreement are paid to the Sisu Insurance Proceeds Account. If in breach of a financial covenant or an event of default is continuing, the Sisu Borrower will pay or procure that a Sisu PropCo that is controlled by the Sisu Borrower pays the net proceeds of any insurance policy other than in respect of loss of rent and proceeds by the insurer directly to a contractor, into the Sisu Insurance Proceeds account. The Security Agent has sole signing rights to the Sisu Insurance Proceeds Account.

Following damage or loss to a Sisu Property, or an obligation under a relevant lease agreement or insurance policy, the Security Agent will withdraw such amount as it may properly determine to be applied:

(a) *firstly*, in or towards the full re-instatement or replacement of any building or infrastructure on a Sisu Property to the extent covered by the relevant insurance policies; and

(b) *secondly*, in or towards the repayment or prepayment of the secured obligations under the Sisu Loan Agreement and certain related documents up to an amount equal to the loan allocation of the relevant Sisu Property and thereafter, in accordance with the order provided above in connection with Sisu Sales Account.

Distributions from the Sisu General Account.

If no breach of any financial covenant or no event of default is continuing, the Sisu Borrower will pay or procure that a Sisu PropCo that is controlled by the Sisu Borrower pays the amount equal to the excess (if any) of (i) Sisu Net Disposal Proceeds in respect of the Sisu Disposal over (ii) the Sisu Release Amount in respect of such Sisu Disposal to the Sisu General Account. The Sisu Borrower has sole signing rights to the Sisu General Account and it may make withdrawals from the Sisu General Account to be applied in or towards any purpose, provided that if an event of default is continuing, the Security Agent shall have signing rights to the account.

While an event of default is continuing or on non-repayment of the Sisu Whole Loan on maturity, the Security Agent may apply monies standing to the credit of the Sisu Debt Service Account in payment of certain expenses, and/or amounts outstanding under the Sisu Loan Agreement and certain related documents in its sole discretion.

(ii) The Odin Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€39,130,000	€39,130,000	-
Cut-Off Date Principal Balance	€39,130,000	€38,930,000	-
Projected Balance at Maturity[1]	€39,130,000	€39,130,000	-
Advanced Reserve Amount			€200,000
Undrawn Capex/TI Facility			-
VAT Facility			-

Loan Purpose	Acquisition
Funding Date	13 July 2007
First Interest Payment Date	15 October 2007
Loan Maturity Date	15 July 2013
Remaining Term	5.8 yrs
Extension Option (s)	None
Loan Interest Type	Fixed
Loan Coupon[2]	5.4%
Primary Loan Security	1st ranking mortgage
Borrower (s)	Juvan Teollisuuskatu 25 Oy and EPE Juvan Teollisuuskatu 25 Oy (previously MLOCG Juvan Teollisuuskatu 25 Oy)
Borrower Location	Finland
Amortisation	Interest Only
Interest Calculation	Act/360

Property Tenancy Information

Single asset/Portfolio	Single asset
Property Type	Warehouse
No. of Properties	1
Property Location	Finland
Year Built / Renovated	2002
Tenure	Freehold
Property /Asset Manager	Genesta Property Nordic Finland Oy
Net Lettable Area (sqm)	65,262
Total Gross Rental Income p.a.	€4,838,676
Total Net Rental Income p.a.	€3,665,162
ERV	€5,327,310
Occupancy (as % of Net Lettable Area)	98.4%
Appraised Market Value	€60,200,000
Date of Valuation	27 June 2007
Valuer	Kiinteistötaito Peltola & Pulkkanen Oy

VPV	€44,662,000
Number of Unique Commercial Tenants	13
Number of Commercial Leases	29
WAULT to First Break / Expiry[3]	3.2 yrs/3.2 yrs
% of Investment Grade Income[4]	17.8%

(1) Assumes (a) timely receipt of principal and interest due under the Loans, (b) no loan extensions being exercised and (c) the Advanced Reserve Amount of €200,000 is fully drawn.
(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 with the exclusion of all the indefinite leases.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

General.

The Odin Loan was made pursuant to a loan agreement dated 13 July 2007 between, Lehman Brothers International (Europe) (in its capacity as "**Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Odin Lender**"), Juvan Teollisuuskatu 25 Oy ("**Odin Sub-HoldCo**") as borrower and guarantor, Juvan Teollisuuskatu 25 Holding Oy ("**Odin Holdco**") as guarantor (the "**Odin Loan Agreement**"). The Odin Loan Agreement is governed by the laws of England and Wales. EPF Juvan Teollisuuskatu 25 Oy (previously known as MLOCG Juvan Teollisuuskatu 25) (the "**Odin Property Owner**" and together with the Odin Sub-HoldCo, the "**Odin Borrowers**"), the shares of which have been acquired by the Odin Sub-HoldCo on the Funding Date, acceded to the Odin Loan Agreement as an additional borrower and guarantor on the Funding Date. The Odin HoldCo, the Odin Sub-HoldCo, the Odin Property Owner and any additional borrowers or guarantors under the Odin Loan Agreement are together referred to as "**Odin Obligors**". The purpose of the Odin Loan is (a) in respect of the Odin Loans made to Odin Sub-Holdco, to partly fund the purchase price of the shares of the company that owned the Odin Property, to fund certain amounts owing by the Odin Property Owner in respect of a release premium pursuant to a loan facility between, amongst others, the Odin Property Owner and Hypo Real Estate Bank International AG, London Branch dated 21 March 2005 (the "**Existing Facility**"), and to fund fees and costs relating to the finance documents, and (b) in respect of the Odin Property Owner, to discharge all amounts owing to it under the Existing Facility and other financial indebtedness owing by it.

The Odin Borrowers

Each of the Odin Borrowers is a private limited liability company (*osakeyhtiö*) registered in Finland. The Odin Sub-HoldCo is wholly owned and controlled by the Odin Holdco, a private limited liability company registered in Finland. The Odin Sub-HoldCo owns and controls 100% of the Odin Property Owner. The Odin Property Owner is permitted under the Odin Loan Agreement to merge with the Odin Sub-HoldCo (with the latter being the surviving entity) (the "**Odin Merger**") and thereafter, the Odin Sub-HoldCo may be converted (the "**Odin Conversion**") into a mutual real estate company. As a result of the Odin Conversion, rental income would be payable to the Odin HoldCo. The Odin Merger is intended to become effective on or about the Closing Date and the Odin Conversion immediately thereafter. Upon the Odin Conversion becoming effective, certain additional security or other documents (including without limitation a rental income pledge and an account pledge granted by the Odin Holdco) are required to be entered into by the Odin HoldCo.

Reserve facility. Under the Odin Loan Agreement and the purchase and sale agreement in respect of the Odin Property, the Odin Borrower benefits from a reserve facility of a maximum principal amount of €200,000, which must be drawn in full by 31 July 2009. As of the Cut-Off Date, the Odin Reserve Facility has not been drawn.

The Odin Property

The Odin Loan is partly secured by a real estate mortgage (*kiinteistökiinnitys*) registered against a commercial property located in Finland, details of which are set out in the table below (the "**Odin Property**"). The Odin Property Owner owns the Odin 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)]
Juvanmalmin ogistiikakeskus	Warehouse	FREEHOLD	60,200,000	3,665,162	65,262	Multiple	3.2 / 3.2
Total			**60,200,000**	**3,665,162**	**65,262**		**3.2 / 3.2**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

Furthermore, the Odin Loan is secured by pledges over the shares in the Odin Sub-HoldCo and the shares of the Odin Property Owner. The Odin Loan is further secured by a pledge by Sub-HoldCo over the insurance proceeds under certain insurance policies as well as possible claims against the vendor in respect of the share purchase agreement regarding the shares in the Odin Property Owner. The Odin Property Owner has further assigned its interests under certain insurance policies relating to the Odin Property, has pledged all rental income as security for part of the Odin Loan and has pledged each Odin Account (see "*Odin Accounts*" below). The perfection of the pledge over the Odin Accounts, other than the Odin Rental Income Account and the Odin Disposal Proceeds Account, shall be delayed until the occurrence of an event of default under the Odin Loan Agreement. The Security Agent has sole signing rights with respect to the Odin Accounts. The Odin Loan is secured by first ranking business mortgages (*vrityskiinnitys*) registered against all moveable property of the Odin HoldCo, the Odin Sub-HoldCo and the Odin Property Owner capable of being mortgaged according to the Finnish Business Mortgage Act (634/1984, as amended) in the aggregate amount of EUR 240,000,000.

Each Odin Obligor guarantees the performance of each Odin Borrower. To support this undertaking the Odin Obligors are prohibited from granting any security over their assets, other than in certain limited circumstances. Due to Finnish financial assistance rules, the guarantee and any security provided by the Odin Property Owner only secure the part of the Odin Loan not used for the financing of the purchase price for the shares in the Odin Property Owner or any related costs.

Insurance under the Odin Loan Agreement.

The Odin Property Owner is obliged to maintain insurance in respect of the Odin Property with an insurer having a rating of at least A or A2 from the relevant rating agencies. The insurance must cover, amongst other risks, terrorism (if commercially available), third party liability, damage to property and such other risks which the Odin Lender may reasonably direct. The Odin Property Owner must also maintain insurance for at least three years' loss of rent. The Odin Property Owner must ensure that the Security Agent is named as co-insured and, save in respect of the third-party and public liability insurance, named as loss payee and that according to the insurance policies the proceeds of insurance are payable directly to the Odin Lender.

Property Management.

The Odin Property is managed by Genesta Property Nordic Finland Oy, a limited liability company registered under Finnish law (the "**Odin Property Manager**"). The Odin Property Manager has been appointed by the Odin Borrowers and the Odin HoldCo under a property and asset management agreement (the "**Odin Management Agreement**"). The Odin Management Agreement may not be amended or terminated without the consent of the Odin Lender and/or Security Agent. If the Odin

Property Manager is replaced, the consent of the Odin Lender and certain rating agencies is required unless the new property manager is a professional management company that fulfills certain requirements. The Odin Property Manager has also entered into a duty of care agreement with the Security Agent and the Odin Property Owner.

Repayment.

The Odin Loan does not provide for amortisation and shall be repaid in full (including all other amounts outstanding) on 15 July 2013.

Prepayment

The Odin Loan Agreement provides for mandatory and voluntary prepayment. Any prepayment of the Odin Loan must be made together with accrued interest up to the next Interest Payment Date, any indemnity payments and any prepayment fee and any other amounts due and payable at such time under the Finance Documents.

The Odin Loan may be prepaid in a minimum amount of EUR 1,000,000 on an Interest Payment Date, provided at least 14 days prior written notice has been given. Prior to the Odin Conversion, no prepayment shall be made by the Odin Property Owner unless the Odin Loan made to the Odin Sub-HoldCo has been prepaid in full.

Each Odin Borrower may prepay the part of the Odin Loan lent to it upon five days' prior written notice in the event that the relevant Odin Borrower becomes liable to pay any amount to the Odin Lender in respect of any (i) tax gross up and indemnities, (ii) increased costs or (iii) illegality provisions of the Odin Loan Agreement. Such notice may only be delivered while the aforementioned circumstances in (i), (ii) or (iii) are continuing.

Upon a disposal of all or part of the Odin Property, the Odin Loan must be prepaid in full together with any amounts outstanding under the Finance Documents at the latest on the next Interest Payment Date. On the date of such disposal the amount required to repay the Odin Loan in full must be deposited on the Odin Disposal Proceeds Account.

Financial covenants.

Pursuant to the Odin Loan Agreement, the Odin HoldCo must ensure that the Odin Loan to Value Test and the Odin Interest Cover Test are met.

Financial Ratios

Financial Ratios

	A-Note		**Whole Loan**	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.69x	1.42x	1.69x	1.42x
DSCR [(2)]	1.69x	1.42x	1.69x	1.42x
LTV [(1)(2)]	65.0%	65.0%	65.0%	65.0%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*" and assumes the Advanced Reserve Amount is fully drawn.
(2) Assumes that the Whole Loan is fully drawn.

A breach of the Odin Loan to Value Test is an event of default.

If the Odin Property Owner determines prior to an Interest Payment Date that the Odin Interest Cover Test will not be met, it shall immediately notify the Odin Lender in writing. If, in the reasonable opinion of the Odin Lender, the Odin Property Owner's determination is correct, the Odin Property Owner may pay to the Odin Rental Income Account (see "*Odin Accounts*" below) a sum (the "**Odin Cure Amount**"),

notified to the Odin Property Owner by the Security Agent, which (if it was treated as Odin Projected Net Rental Income), would result in the Odin Interest Cover Test being met. Subject to the below, for as long as the Odin Cure Amount is retained in the Odin Rental Income Account, it shall be treated as projected Odin Net Rental Income for the purposes of calculating the Odin Interest Cover Test. Until the Odin Interest Cover Test is met without reference to the Odin Cure Amount, disbursements referred to in item (g) under Distributions from the Odin Rental Income Account below may not be made. The Odin Cure Amount may not be included in the calculation of the Odin Interest Cover Test for more than two consecutive Odin Interest Cover Tests or more than two times in any four consecutive Odin Interest Cover Tests or if on any Interest Payment Date, the Odin Projected Net Rental Income for the next four Interest Periods is 110 per cent, or less of the Odin Projected Interest Costs for the same period (assuming that during the final year of the term of the Odin Loan, the term of the Odin Loan is extended by one year). If the Odin Interest Cover Test is not met and the Odin Cure Amount is not permitted to be included in the calculation thereof, or if on any Interest Payment Date, the Odin Interest Cover is 110 per cent. or less, an event of default shall occur.

Non-compliance with the Odin Interest Cover Test or the Odin Loan to Value Test, the occurrence of an event of default or the payment of the Odin Cure Amount (which is not followed by an Odin Scheduled ICR Compliance) all trigger a cash trap pursuant to which all monies standing to the credit of the Odin Rental Income Account after payment of the amounts listed in paragraphs (a) to (d) (inclusive) shall be retained in the Odin Rental Income Account or utilised by the Odin Lender for expenditure on the Odin Property in accordance with the relevant business plan until all such circumstance are no longer continuing or such breach is remedied to the satisfaction of the Odin Lender.

"**Odin Loan to Value Test**" means that the balance of Odin Loan outstanding on each Interest Payment Date must not exceed 70 per cent. of the total value of the Odin Property Owner's interests in the Odin Property at that time as recorded in the then most recent valuation.

"**Odin Interest Cover Test**" means the requirement that on any Interest Payment Date, the Odin Projected Net Rental Income for the next four Interest periods is not less than 135 per cent of the Odin Projected Interest Costs for the same period, assuming that during the final year of the term of the Odin Loan, the term of the Odin Loan is extended by one year.

"**Odin Interest Period**" means each successive period starting on each Interest Payment Date and ending on (but excluding) the next following Interest Payment Date.

"**Odin Projected Interest Costs**" means, for any Odin Interest Period, all interest payments, fees and other finance costs payable by the Odin Borrowers to the Odin Lenders under the Odin Loan Agreement and certain related documents.

"**Odin Projected Net Rental Income**" means, for any period, the Lender's reasonable estimate, calculated on the basis of certain assumptions (e.g. vacant space will remain vacant, etc.), of all sums paid or payable to or for the benefit of the Odin Property Owner (or, after the Odin Conversion, the Odin HoldCo) arising from the letting, use or occupation of all or any part of the Odin Property (excluding (i) reimbursement of expenses incurred by the Odin Property Owner in the maintenance of the Odin Property, (ii) the payment of insurance premiums, (iii) any sum paid by a tenant due to a breach of covenant in the lease agreement, (iv) contributions to sinking funds and (v) any withholding of tax or VAT) and deducting (i) all amounts payable by the Odin Property Owner in respect of the Odin Property or part thereof which is intended for letting but is unlet (including in respect for any shortfall in service charge) and (ii) all amounts payable by a tenant under a lease agreement who is more than two months in arrears in its rental payments and adding, where any part of the Odin Property is subject to a lease agreement with a rent-free period of not more than 90 days unexpired, an amount equal to the rental income received had that rent-free period expired prior to the relevant period.

"**Scheduled ICR Compliance**" means after the payment of a Cure Amount into the Odin Rental Income Account, compliance with the Interest Cover Test on any subsequent Interest Payment Date without reference to the Odin Cure Amount (and ignoring the Odin Cure Amount for the purpose of determining the Odin Projected Net Rental Income).

The Odin Bank Accounts.

The Odin Property Owner has opened accounts as follows:

(i) an account designated as a rental income account (the "**Odin Rental Income Account**");

(ii) an account designated as a disposal proceeds account (the "**Odin Disposal Proceeds Account**");

(iii) an account designated as a tenant deposit account (the "**Odin Tenant Deposit Account**");

(iv) an account designated as an owner account (the "**Odin Owner Account**"); and

(v) an account designated as an expense account (the "**Odin Expenses Account**"),

together referred to as the "**Odin Accounts**".

Distributions from the Odin Rental Income Account

The Odin HoldoCo must ensure that all rental income, all amounts (if any) paid to any Odin Obligor under any hedge documents (other than any Issuer Swap Agreement), and any other amount receivable by it and not expressly required under the Odin Loan Agreement to be paid into another Odin Account, are promptly paid into the Odin Rental Income Account (save for the deposits made by tenants which must be paid into the Odin Tenant Deposit Account). The Security Agent has sole signing rights in relation to the Odin Rental Income Account.

On each Interest Payment Date, the Security Agent will, provided no default under the Odin Loan Agreement has occurred and is continuing, withdraw from the Odin Rental Income Account the following items in the following order:

(a) *first*, an amount equal to an aggregate amount paid by any tenant in respect of (i) the reimbursement of expenses incurred by the Odin Property Owner in the maintenance of the Odin Property, (ii) the payment of insurance premiums, (iii) any sum paid by a tenant due to a breach of covenant in the lease agreement, (iv) contributions to sinking funds and (v) any withholding of tax or VAT shall be disbursed to the Odin Property Owner to be used in payment of such items (other than payable to any managing agent which is an affiliate of the Odin Property Owner);

(b) *second*, any unpaid costs, fees and expenses due, payable and owing to the Odin Lender under the Finance Documents;

(c) *third*, fees payable under the property and/or asset management agreement where the managing agent and the asset manager are not affiliates of (or otherwise connected to) the Odin Property Owner (provided that such fees shall not exceed EUR 210,000);

(d) *fourth*, in or towards payment of all accrued interest due and payable to the Odin Lender under the Finance Documents;

(e) *fifth*, payment *pro rata* of:

  (i) the Odin Loan to the extent due and payable to the Odin Lender; and

  (ii) all amounts payable to the Odin Lender (or any affiliate of the Odin Lender) pursuant to an indemnity under the Odin Loan Agreement relating to hedging;

(f) *sixth*, all other secured obligations due and payable of the Odin Obligors under the Finance Documents;

(g) *seventh*, fees payable under the property and/or asset management agreement where the managing agent or, as applicable, the asset manager is an affiliate of (or otherwise connected to) the Odin Property Owner;

(h) *eight*, if the Odin Lender determines that no default under the Odin Loan Agreement is then continuing and the Odin Interest Cover Test is met without the Odin Cure Amount, any amount remaining in the Odin Rental Income Account will be disbursed to the Odin Owner Account.

Distributions from the Odin Disposal Proceeds Account.

The Odin HoldoCo must ensure that all disposal proceeds in relation to a disposal of the Odin Property

Owner's interest in all or part of the Odin Property are paid into the Odin Disposal Proceeds Account. The Security Agent has sole signing rights in relation to the Odin Disposal Proceeds Account.

On the first Interest Payment Date following the disposal of all or any part of the Odin Property, the Security Agent will withdraw from the Odin Disposal Proceeds Account and (a) disburse to the Odin Lender the disposal proceeds, to be used by the Odin Lender to prepay the Odin Loan in such order of priority as the Odin Lender may determine, and (b) disburse the remainder, if any, of the net disposal proceeds applicable to the Odin Property to the Odin Owner Account.

The Security Agent will withdraw from the Odin Disposal Proceeds Account such amount of disposal proceeds as is required to pay the direct costs and expenses (together with applicable VAT and any other taxes payable) in each case as approved in writing by the Security Agent properly incurred and payable by the Odin Property Owner in relation to the disposal of the portion of the Odin Property giving rise to such disposal proceeds.

Distributions from the Odin Tenant Deposit Account.

The Odin HoldCo shall ensure that any deposits provided as security for the performance of any tenant's obligations are paid into the Odin Tenant Deposit Account. The Odin Property Owner (or after the Odin Conversion, the Odin HoldCo) may return tenant deposits pursuant to the relevant lease agreement. In case the Odin Property Owner (or Odin HoldCo, as applicable) becomes entitled to any tenant deposits, an equal amount must be transferred to the Odin Rental Income Account.

The Odin Owner Account and the Odin Expenses Account.

The Odin HoldoCo shall ensure that all monies paid by any tenants under leases in respect of the Odin Property in reimbursement of capital expenditure incurred by the Odin Borrowers (or funded directly or indirectly by JP Morgan European Property Holding Luxembourg 2 S.à.r.l) in relation to the Odin Property, are paid into the Odin Owner Account.

The Odin Property Owner shall ensure that only amounts from the Odin Owner Account are credited to the Odin Expenses Account.

(iii) The Harbour Whole Loan

Loan Information			
	Whole Loan	**A Note**	**B Note**
Original Loan Balance	€17,137,943	€15,137,943	€2,000,000
Cut-Off Date Principal Balance	€17,137,943	€15,137,943	€2,000,000
Projected Balance at Maturity [(1)]	€17,137,943	€15,137,943	€2,000,000

Undrawn Capex/TI Facility	-
VAT Facility	-

Loan Purpose	Acquisition
Funding Date	15 January 2007
First Interest Payment Date	15 April 2007
Loan Maturity Date	15 January 2010
Remaining Term	2.3 yrs
Extension Option(s)	1 + 1 year extension option available
Loan Interest Type	Fixed
Loan Coupon [(2)]	4.9%
Primary Loan Security	1st ranking mortgage
Borrower(s)	CSTONE KANAVARANTA (FINLAND) OY
Borrower Location	Finland
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Single asset
Property Type	Office
No. of Properties	1
Property Location	Finland
Year Built / Renovated	1913 - 2001
Tenure	Freehold
Property /Asset Manager	NEWSEC
Net Lettable Area (sqm)	6,818
Total Gross Rental Income p.a.	€1,641,707
Total Net Rental Income p.a.	€1,256,112
ERV	€1,953,000
Occupancy (as % of Net Lettable Area)	95.8%
Appraised Market Value	€24,600,000

Date of Valuation	January 05, 2007
Valuer	NewSec Oy
VPV	€23,600,000
Number of Unique Commercial Tenants	21
Number of Commercial Leases	25
WAULT to First Break / Expiry [3]	3.7 yrs/3.7 yrs
% of Investment Grade Income [4]	4.5%

(1) Assumes (a) timely receipt of principal and interest due under the Loans and (b) no loan extensions being exercised.
(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 with the exclusion of all the indefinite leases.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

General.

The Harbour Whole Loan was made pursuant to a loan agreement dated 12 January 2007 which was entered into, *inter alia*, between Lehman Brothers Europe Limited (in its capacity as "**Harbour Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Harbour Facility Agent**" and "**Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Harbour Original Lender**", and together with any transferees, "**Harbour Lenders**"), CStone Kanavaranta (Finland) Oy ("the **Harbour Borrower**") and certain guarantors and which has been amended and restated by an amendment agreement dated 9 July 2007 (the "**Harbour Loan Agreement**"). The Harbour Loan Agreement is governed by Finnish law.

The Harbour Whole Loan was granted (a) to finance the acquisition of certain promissory note evidencing the receivable by the vendor from the target (the "**Harbour Promissory Note**"), and (b) to finance part of the acquisition of the shares in Kiinteistö Oy Helsingin Kanavaranta (the "**Harbour Propco**"), that has merged into the Harbour Borrower.

The Harbour Borrower

The Harbour Borrower is a private limited liability company (*Finnish: osakeyhtiö*) registered in Finland. The Harbour Borrower is wholly owned and controlled by CStone 1 Kanavaranta (Finland) Oy (the "**Harbour HoldCo**" and together with the Harbour Borrower and any additional borrowers or guarantors under the Harbour Loan Agreement the "**Harbour Obligors**"), a private limited liability company registered in Finland, which is wholly owned and controlled by Crownstone Luxembourg S. à r. l.

The Harbour Property.

The Harbour Whole Loan is secured by a commercial property located in Finland, details of which are set out in the table below (the "**Harbour 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]
Kanavaranta	Mixed use	Freehold	24,600,000	1,256,112	6,818	Multiple	3.7 / 3.7
Total			**24,600,000**	**1,256,112**	**6,818**		**3.7 / 3.7**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

The Harbour Whole Loan is secured by a registered real estate mortgage (*kiinteistökiinnitys*) over the Harbour Property. In addition, shares in the Harbour Borrower are pledged to the Harbour Lenders as security for the loan. The Harbour Borrower has pledged in favour of the Harbour Lenders all rental income, and all insurance proceeds are to be paid to the rent account (see "*Harbour Rent Account*" below). The Harbour Borrower has pledged each of the Harbour Borrower's Accounts listed below (see "*Harbour Borrower's Accounts*" below) with the Harbour Borrower retaining the right to use each such Account until the occurrence of an event of default under the Harbour Loan Agreement. The Harbour HoldCo has pledged each of the Harbour HoldCo's Accounts listed below (see "*Harbour HoldCo's Accounts*") with the Harbour HoldCo retaining the right to use such accounts until the occurrence of an event of default under the Harbour Loan Agreement. The Harbour Propco, prior to its merger into the Harbour Borrower, pledged the Harbour Propco Expense Account as security for the part of the Harbour Whole Loan used for the financing of the acquisition of the Harbour Promissory Note. Each Harbour Obligor guarantees the performance of each other Harbour Obligor. To support this undertaking the Harbour Obligors are prohibited from granting any security over their assets or incurring any debt, other than in certain limited circumstances.

Insurance under the Harbour Loan Agreement.

The Harbour Borrower is obliged to maintain insurance with a substantial and reputable insurance office or underwriters having a requisite rating in respect of the Harbour Property. The insurance must cover, amongst other risks, terrorism (to the extent available in the market), third party liability, damage to property and such other risks which the Facility Agent directs. The Harbour Borrower must also maintain insurance for three years' loss of rent and, in respect of terrorism insurance, service charge. Save for third-party liability insurance, the Security Agent must either be named as co-insured or its interests are otherwise endorsed or noted on the insurance policies. Any insurance proceeds are paid into the Harbour Rent Account.

Property Management.

The Harbour Property is managed by Newsec Oy, a limited liability company registered under Finnish law (the "**Harbour Property Manager**"). The Harbour Property Manager has been appointed by the Harbour Borrower under a property management agreement (the "**Harbour Property Management Agreement**"). The Harbour Property Management Agreement may only be amended with the consent of the Harbour Lenders. If the Harbour Property Manager breaches the terms of the Harbour Property Management Agreement and, as a result, a Harbour Obligor is entitled to terminate the Harbour Property Management Agreement, the Security Agent (acting on instructions of the Harbour Lenders) may require the Harbour Borrower to use all reasonable endeavours to terminate the Harbour Property Management Agreement and to appoint a new property manager.

Repayment

The Harbour Whole Loan does not provide for amortization and is to be repaid in full (including all other amounts outstanding) on 15 January 2010, unless the loan term has been extended until 15 January 2011 or further until 15 April 2012. Crownstone Luxembourg S. à r. l is entitled to request that the Harbour Whole Loan is extended by one year by giving notice to the Harbour Facility Agent not less than one month and not more than three months prior to 15 April 2010 and that the Harbour Whole Loan is further extended thereafter by one year by Crownstone Luxembourg S. à r. l giving notice to the Harbour Facility Agent not less than one month and not more than three months prior to 15 April 2011. In the case that the Harbour Whole Loan is extended, the Harbour Borrower may elect to continue with the existing fixed rate at its own cost or immediately at its own cost enter into appropriate hedging arrangements (approved by the Harbour Facility Agent) provided that (i) the hedging arrangement shall be for the period ending on 15 April 2011 or 15 April 2012 (as applicable), (ii) unless otherwise agreed, if such hedging arrangements are for the purpose of hedging the interest payable on the outstanding loan, where the Harbour Borrower elects a floating interest rate: (a) the amount payable by the Harbour Borrowers to any hedge counterparty

(other than under any Issuer Swap Agreement) is not to exceed the interest rate payable under the Facility Agreement immediately prior to the extension; or (b) the amount receivable from any hedge counterparty (other than under any Issuer Swap Agreement) is required to be such that the amount of interest payable in respect of such loan less the amount so received would not exceed the interest rate payable under the Loan Agreement immediately prior to the extension; and (iii) the hedging documentation shall be in the form satisfactory to the Harbour Facility Agent.

Each extension is subject to the following requirements: (i) no default is outstanding on the date of such request or would result from such extension; (ii) the lesser of (a) the Harbour Quarterly Rental as a percentage of the Harbour Quarterly Finance Costs for the extended period and (b) the Harbour Projected Annual Rental as a percentage of the Harbour Projected Annual Finance Costs for the extended period is not less than 125 per cent; (iii) the ratio of the amount of the Harbour Whole Loan outstanding on the Loan Maturity Date to the market value of the Harbour Property (based on the most recent valuation) is equal to or less than 80 per cent; and (iv) certain leases with the largest tenant in respect of the Harbour Property will not expire and such leases will continue at rental rates equal to at least the rental rates as of the Funding Date until two years following the relevant extended maturity date.

Prepayment.

The Harbour Loan Agreement provides for mandatory and voluntary prepayment. Any prepayment made must include accrued interest on the amount prepaid up to the date on which the prepayment is made, any breakage amount, any breakage cost and any prepayment fee.

The Harbour Whole Loan may be voluntarily prepaid at any time in whole or in part by giving not less than ten business days prior notice to the Harbour Facility Agent.

If the Harbour Borrower is, or will be, required to make a payment to a Harbour Lender due to a tax deduction, under any tax indemnity or in respect of any increased costs, a prepayment in respect of the relevant Harbour Lender may be requested while the requirement to make such payments continues. The prepayment may be made following such request on the last day of the interest period for the Harbour Whole Loan or on an earlier date specified by Crownstone Luxembourg S à.r.l. in the request.

Mandatory prepayment is triggered by the ratio of the outstanding Harbour Whole Loan to the relevant value of the Harbour Property (the "**Harbour Loan-to-Value Ratio**") exceeding 80%. The Harbour Borrower must in such case prepay the Harbour Whole Loan in certain instalments due on each Interest Payment Date until the earlier of (i) the business day after the delivery of any valuation pursuant to which the Harbour Loan-to-Value ratio is on any subsequent valuation date less than 80% and (ii) the final maturity date. Mandatory prepayment must also be made upon any permitted disposal of the Harbour Property or of shares in a Harbour Obligor. Any such disposal is subject to the condition that no default is outstanding or would occur following such disposal and that the net disposal proceeds are paid into the Harbour Sales Account (see "*Harbour Sales Account*" below) resulting in the balance of the Harbour Sales Account being at least equal to an amount being the aggregate of the principal amount outstanding of the Harbour Whole Loan, accrued interest, any prepayment fees and any breakage amount.

Financial covenants.

Pursuant to the Harbour Loan Agreement, the Harbour Borrower must ensure that the Harbour Interest Cover Test is met.

Financial Ratios

Financial Ratios

	A-Note		**Whole Loan**	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.73x	1.83x	1.44x	1.52x
DSCR [(2)]	1.73x	1.83x	1.44x	1.52x

LTV [(1)(2)]	61.5%	61.5%	69.7%	69.7%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn.

A breach of the Harbour Interest Cover Test shall be an event of default. There will be no default as a result of a failure to meet the Harbour Interest Cover Test if the Harbour Obligors immediately use the proceeds of any subordinated loan, mezzanine finance documents or an equity issue or capital contribution to prepay the loan so that the Harbour Interest Cover Test is met.

"**Harbour Interest Cover Test**" means the requirement that on any date, the lesser of (i) the Harbour Quarterly Rental as a percentage of the Harbour Quarterly Finance Costs on that date and (ii) the Harbour Projected Annual Rental as a percentage of the Harbour Projected Annual Finance Costs on that date is not less than 110 per cent.

"**Harbour Net Rental Income** " means the aggregate of all amounts paid or payable to or for the account of a Harbour Obligor in connection with the letting of any part of the Harbour Property (reduced by amounts (together with any related value added or similar taxes) payable, on an accounting or accrual basis, by a Harbour Obligor with respect to the Harbour Property in respect of repair and maintenance, capital expenditure, tenant improvement costs, other non-recoverable costs, tax payable (other than corporation tax and capital gains tax) and management costs, save to the extent that any of those items will be separately funded by (i) the tenants under the lease documents or (ii) a Harbour Obligor from provisions or reserves which have built up in the Harbour Expense Account or the Harbour Sales Account).

"**Harbour Projected Annual Finance Costs**" means an estimate by Crownstone Luxembourg S. à r. l. of the aggregate of all interest and other finance costs which are payable by the Harbour Obligors to the Harbour Lenders under the Harbour Loan Agreement during any year in respect of which Crownstone Luxembourg S. à r. l. has estimated projected annual rental in accordance with the provisions of the Harbour Loan Agreement and certain related documents.

"**Harbour Projected Annual Rental**" means the aggregate of: an estimate as calculated by Crownstone Luxembourg S. à r. l. on the basis of certain assumptions, as at any date, of the aggregate of the Harbour Net Rental Income that will be received during the year commencing on that date, to the extent such amounts are estimated by Crownstone Luxembourg S. à r. l. to cover rental voids in respect of the year commencing on the date.

"**Harbour Quarterly Finance Costs**" means, on any date, the aggregate of all interest and other finance costs which are payable by the Harbour Obligors to the Harbour Lenders under the Harbour Loan Agreement on the Interest Payment Date occurring on or next following (as the case may be) (i) that date (if that date is a Harbour Quarter Date) or (ii) the immediately preceding Harbour Quarter Date (if that date is not a Harbour Quarter Date).

"**Harbour Quarterly Rental**" means, on any date, the aggregate of the Harbour Net Rental Income that was received during the Harbour Quarter Period ending on that date (if that date is a Harbour Quarter Date) or on the immediately preceding Harbour Quarter Date (if that date is not a Harbour Quarter Date).

The Harbour Obligors' Accounts

The Harbour Obligors have opened accounts as follows:

(a) Harbour Borrower

(i) an account designated as a rent account (the "**Harbour Rent Account**");

(ii) an account designated as an expense account (the "**Harbour Bidco Expense Account**")

(iii) an account designated as a tenant deposit account (the "**Harbour Tenant Deposit Account**");

(iv) an account designated as a sales account (the "**Harbour Bidco Sales Account**"); and

(v) an account designated as a general account (the "**Harbour Bidco General Account**"),

together referred to as the "**Harbour Borrower's Accounts**".

(b) Harbour HoldCo

(i) an account designated as a general account (the "**Harbour HoldCo General Account**"); and

(ii) an account designated as a sales account (the "**Harbour HoldCo Sales Account**"),

together referred to as the "**Harbour HoldCo's Accounts**".

Distributions from the Harbour Rent Account.

All rental income and insurance proceeds are paid into the Harbour Rent Account. The Harbour Facility Agent has sole signing rights in relation to the Harbour Rent Account.

The Harbour Facility Agent must (and is irrevocably authorised by the applicable Harbour Obligor to) on each Interest Payment Date withdraw from and/or apply all amounts standing to the credit of the Harbour Rent Account in the following order:

(a) *first*, in payment of an estimated aggregate amount of (i) the expenses expected to become payable in respect of the Harbour Property during a quarter period and (ii) the provisions and reserves expected to be required in respect of expenses expected to become payable in respect of the Harbour Property during a subsequent quarter period, in respect of that Interest Payment Date into the Harbour Bidco Expense Account;

(b) *second*, in or towards payment *pro rata* of any unpaid costs and expenses of the Harbour Arranger, the Harbour Facility Agent and the Security Agent, due but unpaid under the Harbour Loan Agreement and certain related documents;

(c) *third*, in or towards payment of any accrued interest due but unpaid in respect of the Harbour Whole Loan and any other amount payable under the Harbour Loan Agreement and any related documents; and

(d) *fourth*, in or towards payment of any principal (including, without limitation, any voluntary prepayment), fees and other amounts due but unpaid under the Harbour Loan Agreement and any related documents;

(e) *fifth*, provided that:

(i) no default under the Harbour Loan Agreement is outstanding;

(ii) Harbour Interest Cover is not less than 125 per cent.; and

(iii) the compliance certificate evidencing Harbour Interest Cover has been received by the Harbour Facility Agent in accordance with the Harbour Loan Agreement;

in payment of the surplus (if any) into the Harbour General Account.

(f) Any amount not paid into the Harbour General Account pursuant to paragraph (e) above shall on subsequent Interest Payment Dates be applied in accordance with paragraphs (a) through (e) above.

Distributions from the Harbour Bidco Expense Account.

The Harbour Borrower and the Harbour Property Manager have signing rights in relation to the Harbour Bidco Expense Account.

The Harbour Obligors shall procure that amounts standing to the credit of the Harbour Bidco Expense Account are applied in or towards payment of property expenses and are not used for any other purpose.

No withdrawals may be made if the Harbour Facility Agent has served a notice to accelerate the Harbour Whole Loan due to the occurrence of an event of default that is outstanding.

Distributions from the Harbour Propco Expense Account.

Propco and the Harbour Property Manager have signing rights in relation to the Harbour Propco Expense Account.

The Harbour Obligors shall procure that amounts standing to the credit of the Harbour Propco Expense Account are applied in or towards payment of property expenses and are not used for any other purpose.

No withdrawals may be made if the Harbour Facility Agent has served a notice to accelerate the Harbour Whole Loan due to the occurrence of an event of default that is outstanding.

Distributions from the Harbour Tenant Deposit Account.

All tenant deposits provided as security for the obligations of the tenants under respective lease documents are paid into the Harbour Tenant Deposit Account. The Harbour Facility Agent has sole signing rights in relation to the Harbour Tenant Deposit Account.

The Harbour Facility Agent shall withdraw amounts from the Harbour Tenant Deposit Account to repay such amount to the relevant tenant in accordance with the relevant lease document and to apply such amount to the discharge of the relevant tenant's obligations in accordance with the relevant lease document.

Distributions from the Harbour Bidco Sales Account and the Harbour Holdco Sales Account.

The Harbour Obligors must ensure that all net disposal proceeds in relation to a disposal of the Harbour Property or shares in a Harbour Obligor are paid into the relevant Harbour Sales Account. The Harbour Facility Agent has sole signing rights in relation to the Harbour Bidco Sales Account and the Harbour Holdco Sales Account.

On each Interest Payment Date, the Harbour Facility Agent must (and is irrevocably authorised by the applicable Harbour Obligor to) withdraw from and apply all amounts standing to the credit of the Harbour Bidco Sales Account and the Harbour Holdco Sales Account in the following order:

(a) *first*, in or towards payment to the relevant finance parties of any part of the Harbour Whole Loan being prepaid or cancelled in accordance with the provisions of the Harbour Loan Agreement regarding mandatory prepayment resulting from a disposal; and

(b) *second*, in payment of the surplus (if any) into the Harbour Rent Account.

Distributions from the Harbour Bidco General Account.

The Harbour Borrower must ensure that any amount received by it, other than any amount specifically required under the Harbour Loan Agreement to be paid into any other account, is paid into the Harbour Bidco General Account. The Harbour Borrower has sole signing rights in relation to the Harbour Bidco General Account.

On each Interest Payment Date Crownstone Luxembourg S.à.r.l. (the parent of the Harbour Borrower) must (and is irrevocably authorised by the applicable Harbour Obligor to) withdraw from and apply all amounts standing to the credit of the Harbour Bidco General Account in the following order:

(a) *first*, in or towards payment of any accrued interest due but unpaid in respect of the Harbour Mezzanine Loan Agreement and certain related documents;

(b) *second*, in or towards payment or re-imbursement of amounts failed to be paid by the Harbour Obligors under the Harbour Loan Agreement in the case of the Harbour Mezzanine Lenders or Crownstone Luxembourg S.à.r.l. exercising its right to cure a payment default under the Harbour Loan Agreement;

(c) *third*, in or towards payment to the Harbour Mezzanine Agent for application towards payment of any principal, fees and other amounts due but unpaid in respect of the Harbour Mezzanine Loan Agreement;

(d) *fourth*, in or towards payment of accrued interest due but unpaid to the intercompany lender in respect of certain intercompany debt;

(e) *fifth*, in or towards payment of any principal, fees and other amounts due but unpaid to the intercompany lender in respect of certain intercompany debt; and

(f) *sixth*, in payment of the surplus (if any) to the relevant Harbour Obligor or other person entitled thereto.

Distributions from the Harbour Holdco General Account.

The Harbour Holdco must ensure that any amount received by it, other than any amount specifically required under the Harbour Facility Agreement to be paid into any other account, is paid into the Harbour Holdco General Account. The Harbour Holdco has sole signing rights in relation to the Harbour Holdco General Account.

Subordinated debt

An intercreditor agreement (the "**Harbour Initial Intercreditor Agreement**"**)** was entered into on 12 January 2007 between the parties to the Harbour Loan Agreement, Crownstone Luxembourg S.à.r.l. as the original mezzanine lender and original intercompany lender. The terms of the Harbour Initial Intercreditor Agreement govern the order of priority between the lenders, as follows:

1. senior debt due or payable to any senior finance party (i.e. the Harbour Lenders, the Harbour Facility Agent, the Security Agent and the Harbour Arranger) under the Finance Documents (the "**Harbour Senior Debt**");

2. mezzanine debt due and payable to any mezzanine finance party under certain Harbour Loan documents (the "**Harbour Mezzanine Debt**"); and

3. intercompany loan debt payable to any intercompany lenders (the "**Intercompany Debt**").

All security interests for the Harbour Senior Debt rank ahead of any security interest for the Harbour Mezzanine Debt.

There are no payment restrictions in respect of the Harbour Senior Debt. However, payments in respect of the Harbour Mezzanine Debt and the Intercompany Debt are only permitted in certain circumstances.

The Italian Loan

(i) The Fortezza II Acquisition Facility

Loan Information			
	Whole Loan	**A Note**	**B Note**
Original Loan Balance	€252,228,883	€252,228,883	-
Cut-Off Date Principal Balance	€252,228,883	€252,228,883	-
Projected Balance at Maturity [(1)]	€252,228,883	€252,228,883	-

Undrawn Capex/TI Facility	-
VAT Facility	€63,884,830

Loan Purpose	Acquisition
Funding Date	30 April 2007
First Interest Payment Date	15 July 2007
Loan Maturity Date	15 January 2014
Remaining Term	6.3 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 1 (acting through its management company, Torre SGR S.p.A.)
Borrower Location	Italy
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information	
Single asset/Portfolio	Portfolio
Property Type	Office
No. of Properties	11
Property Location	Italy
Year Built / Renovated	1988 - 1991
Tenure	Freehold
Property /Asset Manager	Fortress
Net Lettable Area (sqm)	131,608
Total Gross Rental Income p.a.	€20,524,235
Total Net Rental Income p.a.	€18,179,379
ERV	€20,394,808
Occupancy (as % of Net Lettable Area)	100.0%
Appraised Market Value	€342,430,000

Date of Valuation	April 20, 2007
Valuer	REAG
VPV	€279,890,000
Number of Unique Commercial Tenants	4
Number of Commercial Leases	12
WAULT to First Break / Expiry [3]	3.8 yrs/8 yrs
% of Investment Grade Income [4]	100.0%

(1) Assumes (a) timely receipt of principal and interest due under the Loans and (b) no loan extensions being exercised.
(2) Weighted average rate.
(3) The earliest date on which the related tenant is permitted to break the lease.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

The Fortezza II Loan includes an acquisition facility granted pursuant to a loan agreement dated 30 April 2007 (as amended from time to time) (the "**Fortezza II Acquisition Facility Agreement**") and a VAT facility granted pursuant to a VAT loan agreement dated 30 April 2007 (as amended from time to time) (the "**Fortezza II VAT Facility Agreement**"). The Fortezza II Acquisition Facility Agreement and the Fortezza II VAT Facility Agreement were each entered into by, inter alios, Lehman Brothers International (Europe) Limited (in its capacity as "**Fortezza II Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Fortezza II Facility Agent**"), Lehman Brothers Bankhaus AG, Milan Branch and the Fortezza II Borrower (the "**Fortezza II Loan Agreement**"). The Fortezza II Loan Agreement is governed by Italian law.

"**The Fortezza II 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 Fortezza II Borrower entered into the Fortezza II Loan Agreement acting through Torre SGR S.p.A., a joint stock company incorporated under the laws of Italy, with registered office in Via del Tritone 181, Rome, Italy, as managing company of the Borrower. Torre SGR S.p.A. is wholly owned by Fortezza RE S.à.r.l., incorporated under the laws of Luxembourg.

The Properties.

The Fortezza II Acquisition Facility is secured by eleven commercial properties located in Italy, details of which are set out in the table below (the "**Fortezza II Properties**" and each a "**Fortezza II Property**"). The Borrower owns the Fortezza II 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]
Via Carucci, 85	Office	FREEHOLD	48,000,000	2,458,797	13,710	SOGEI	5.5 / 11.6
via Capranesi, 60	Office	FREEHOLD	41,000,000	2,259,032	17,622	Agenzia delle Entrate	1.2 / 7.3
via Boglione, 7-25	Office	FREEHOLD	35,000,000	2,044,373	15,242	Agenzia delle Entrate	1.2 / 7.3
Via Carucci, 71 - D	Office	FREEHOLD	32,330,000	1,758,121	10,163	Agenzia delle Dogane	7.3 / 7.3

Via Carucci, 71 - B	Office	FREEHOLD	30,600,000	1,604,216	9,360	Agenzia delle Dogane	7.3 / 7.3
Via Carucci, 131 - C	Office	FREEHOLD	30,300,000	1,452,166	11,962	Dipartimento Politiche Fiscali	1.7 / 7.8
Via Carucci, 131 - B	Office	FREEHOLD	28,600,000	1,480,897	11,519	Dipartimento Politiche Fiscali	1.2 / 7.3
Via Carucci, 131 - A	Office	FREEHOLD	27,500,000	1,435,068	11,073	Dipartimento Politiche Fiscali	1.2 / 7.3
Via Rio Sparto, 21	Office	FREEHOLD	24,300,000	1,278,307	17,413	Agenzia delle Entrate	2.2 / 8.3
Via Carucci, 71 - C	Office	FREEHOLD	22,400,000	1,203,752	6,772	Agenzia delle Dogane	7.3 / 7.3
Via Carucci, 71 - A	Office	FREEHOLD	22,400,000	1,204,650	6,772	Agenzia delle Dogane	7.3 / 7.3
Total			**342,430,000**	**18,179,379**	**131,608**		**3.8 / 8.0**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

Security

The Fortezza II Acquisition Facility is secured by a first ranking mortgage over the Fortezza II Properties. In addition the Fortezza II Borrower has assigned in favour of the Security Agent all rental income and contractual claims under the lease agreements, has entered into loss payee clauses in relation to the insurance policies and has granted pledges over each of the Fortezza II Borrower's accounts listed below (see "*The Borrower's accounts*" below). To support this undertaking the Fortezza II Borrower is prohibited from granting any security over the Mortgaged Properties or incurring any debt or carrying on any other activities relating to the Mortgaged Properties until all amounts outstanding under the Fortezza II Acquisition Facility have been repaid in full.

Insurance under the Loan Agreement.

The Fortezza II Borrower is required to maintain an insurance policy for each Fortezza II Property and any material item of plant and machinery in respect of each Fortezza II Property (including material fixtures and improvements) for its 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 and shall maintain an insurance policy for loss of rent insurance (in respect of a period of not less than two years or the minimum period required under any lease agreements if longer) with an insurance company or underwriters which have the requisite rating.

Property Management.

The Mortgaged Properties are managed by Italfondiario S.p.A. (the "**Managing Agent**").

Repayment

The Fortezza II Acquisition Facility (and all other amounts outstanding) shall be repaid in full on 15 January 2014.

Prepayment.

The Fortezza II Acquisition Facility provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest up to the next Interest Payment Date and any prepayment fees.

Mandatory prepayment shall be made upon a disposal of any of the Fortezza II Mortgaged Properties in accordance with the terms of the Fortezza II Acquisition Facility Agreement.

Financial covenants.

Pursuant to the Fortezza II Acquisition Facility the Fortezza II Borrower shall ensure that the Fortezza II Interest Cover Test is met.

Financial Ratios

Financial Ratios

	A-Note		**Whole Loan**	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.46x	1.37x	1.46x	1.36x
DSCR [(2)]	1.46x	1.37x	1.46x	1.36x
LTV [(1)(2)]	73.7%	73.7%	73.7%	73.7%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn and excludes the VAT facility.

A breach of the Interest Cover Ratio constitutes an event of default.

"**Fortezza II Interest Cover**" means projected rental in respect of the Mortgaged Properties (and any other properties designated as such by the Facility Agent and the Borrower) as a proportion of projected net finance costs at the time expressed as a ratio

"**Fortezza II Interest Cover Test**" means that the Fortezza II Interest Cover is not less than 1.15 to 1.

The Borrower's accounts.

The Fortezza II Borrower has opened the following accounts:

(a) a rent account designated the "**Rent Account**" at Intesa San Paolo S.p.A.; and

(b) a deposit account designated the "**Disposal Proceeds Account**" at Intesa San Paolo S.p.A.

together referred to as the "**Borrower's Accounts**".

The Fortezza II Borrower may not maintain any other bank accounts in relation to receipt of the Rental Income, disposal proceeds or any insurance proceeds with respect to any Fortezza II Property without the prior written consent of the Facility Agent (not to be unreasonably withheld).

Distributions from the Rent Account.

On each Interest Payment Date, the Facility Agent shall apply amounts standing to the credit of the Rent Account in the following order:

(i) *first*, in or toward the payment *pro rata* of any unpaid costs and expenses of the Facility Agent and/or the Arranger (the "**Administrative Parties**") due but unpaid under the Finance Documents and any amounts due but unpaid under any hedging arrangements;

(ii) *second*, in or toward the payment of amounts approved by the Facility Agent (acting reasonably) in respect of payments permitted under the Acquisition Facility Agreement in respect of service charge obligations, essential operating and third party asset management costs for each Fortezza II Property, essential operating expenses of the Fortezza II Borrower, other professional fees incurred in relation to each Fortezza II 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 each Property;

(iii) *third*, in or toward the payment as provisions for tax payments (including, while amounts are outstanding under the VAT Facility Agreement, payments of value added tax to the VAT Account (as defined below) and following the date on which all amounts in respect of the VAT Facility Agreement have been repaid, to the relevant tax authorities);

(iv) *fourth*, in or toward the payment to the Facility Agent for the relevant Administrative Parties and/or the Lender (the "**Finance Parties**") of any accrued interest, fees and other amounts (excluding principal) due but unpaid under the Finance Documents;

(v) *fifth*, in or toward the payment of any principal due but unpaid under the Finance Documents;

(vi) *sixth*, in or toward the payment of any other expenditure to the extent provided for in the business plan; and

(vii) *seventh*, in or toward the 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 Interest Cover would be less than 135% (an "**Anticipated Breach**") or the Interest Cover is less than 135% (an "**Actual Breach**"), payments under this sub-paragraph (vii) shall be made and such surplus shall not be withdrawn. 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) shall be resumed.

The Fortezza II Borrower may only make withdrawals from the Rent Account if no event of default is outstanding.

"**Fortezza II General Account**" means the general account held by Torre SGR S.p.A. in the name of Torre RE Fund I, as managing company of the Fortezza II Borrower.

Distributions from the Disposal Proceeds Account.

The 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 shall, from the date on which the facility was granted, be granted an irrevocable mandate by the Fortezza II Borrower to operate the Disposal Proceeds Account.

Following a disposal of any of the Fortezza II Properties in accordance with the terms of the Acquisition Facility Agreement, the Facility Agent shall, and is authorised by the Borrower to, apply any amounts standing to the credit of the Disposal Proceeds Account towards the prepayment of the Acquisition Facility and all other amounts due to the Finance Parties under the Finance Documents.

(ii) The Fortezza II VAT Facility

General.

The Fortezza II Borrower has entered into the VAT Facility Agreement acting through Torre SGR S.p.A., a joint stock company incorporated under the laws of Italy, with registered office in Via del Tritone 181, Rome, Italy, as managing company of the Borrower. Torre SGR S.p.A. is wholly owned by Fortezza RE S.à.r.l., incorporated under the laws of Luxembourg. The VAT Facility was entered into under a facility

agreement dated 30 April 2007, in relation to the acquisition of the Fortezza II Properties (the "**VAT Facility Agreement**"). The purpose of the VAT Facility is to provide to the Borrower:

(i) the amounts necessary to pay less than 90 per cent. of the amount of VAT payable by the Fortezza II Borrower in respect of amounts paid pursuant to the Sale and Purchase Agreements and the Finance Lease Early Redemption Agreement to the extent that the Fortezza II Borrower is entitled to be reimbursed for such amount by the Italian Tax Authority (*Agenzia delle Entrate*) (the "**Recoverable VAT**");

(ii) the amounts necessary to pay not less than 90 per cent. of the amount of VAT payable by the Fortezza II Borrower in respect of amounts paid pursuant to the Preliminary Finance Lease Assignment Agreement, the Finance Lease Assignment Agreements and the Deeds of Assignment of the Finance Leases to the extent that the Borrower is entitled to set off such amounts against VAT Payable in the future (the "**VAT Set-off** ").

"**Deeds of Assignment of the Finance Leases**" means the deeds of assignment of the finance leases dated 30 April 2007 between the Fortezza II Borrower, Iniziative Immobiliari S.r.l and Locat S.p.A..

"**Finance Leases**" means the finance leases dated 27 April 2006 (IF 904403, IF 904401, IF 904412, IF 904410, IF 904424) between Locat S.p.A. and Costruzioni Edilizie Meridionali S.r.l. and assigned to the Fortezza II Borrower pursuant to the Deeds of Assignment of the Finance Leases.

"**Finance Lease Assignment Agreements**" means (i) the assignment agreement dated 30 April 2007 between the Fortezza II Borrower, Costruzioni Edilizie Meridionali S.r.l. and Locat S.p.A. and (ii) the supplemental assignment agreement dated 30 April 2007 between the Fortezza II Borrower and Iniziative Immobiliari S.r.l., both in relation to the assignment of the Finance Leases to the Fortezza II Borrower.

"**Finance Lease Early Redemption Agreement**" means the agreement dated 30 April 2007 between the Fortezza II Borrower and Locat S.p.A. in respect of the termination of the Finance Leases.

"**Preliminary Finance Lease Assignment Agreement**" means the preliminary agreement dated 24 April 2007 between the Fortezza II Borrower and Iniziative Immobiliari S.r.l in relation to the assignment of the Finance Leases to the Fortezza II Borrower.

"**Sale and Purchase Agreements**" means the deeds of sale dated 30 April 2007 into between Locat S.p.A and the Fortezza II Borrower in relation to the termination of the Finance Leases and the transfer of the Fortezza II Properties to the Fortezza II Borrower.

The Fortezza II Properties.

The VAT Facility is secured by the Fortezza II Properties.

Security

The VAT Facility is secured by a second ranking mortgage over the Fortezza II Properties. In addition the Fortezza II Borrower has pledged in favour of the Lender the VAT Account (see "*The Borrower's VAT accounts*" below) and has undertaken to assign by way of security (*atto di cessione di crediti in garanzia*) all amounts of VAT refundable or receivable by the Borrower in connection with the Fortezza II Properties. To support this undertaking the Borrower is prohibited from granting any other security over the Fortezza II Properties or incurring any debt or carrying on any activities in relation to any Fortezza II Property or any receivables (including VAT Receivables) until all amounts outstanding under the VAT Facility have been repaid in full.

Repayment

The VAT Facility (and all other amounts outstanding) is to be repaid in full on 30 April 2009.

Prepayment

The VAT Facility Agreement provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include accrued interest up to the next Interest Payment Date and any prepayment fee.

If the Italian Tax Authority refunds any amounts in respect of VAT to the Borrower, prior to the VAT Facility Maturity Date the Borrower shall prepay the VAT Facility in an amount equal to such refund amount.

On each Interest Payment Date, the Fortezza II Borrower shall repay the VAT Facility (in relation to the Fortezza II Properties) in an amount equal to any VAT received in respect of the Fortezza II Properties during the immediately preceding interest period set off against any VAT credits in relation to the Properties during such quarter.

If at any time the amount of VAT that the Fortezza II Borrower is entitled to receive ("**VAT Receivable**") is less than the outstanding amount of the VAT Facility (in relation to the Fortezza II Properties), the Fortezza II Borrower shall prepay the VAT Facility (in relation to the Fortezza II Properties) as to ensure that the then outstanding VAT Facility (in relation to the Properties) will not exceed the amount of the VAT receivable.

In addition, on the Interest Payment Date immediately following the exercise by the Fortezza II Borrower of its right to apply a VAT Set-off, the Fortezza II Borrower shall prepay the VAT Facility (in relation to the Finance Leases) in an amount equal to the VAT Set-off.

If, at any time, the amount of the VAT Set-offs is less than the then outstanding amount of the VAT Facility (in relation to the Finance Leases), the Fortezza II Borrower shall immediately prepay such amount of the VAT Facility (in relation to the Finance Leases).

Furthermore, a mandatory prepayment shall be made upon a disposal of any Fortezza II Property in accordance with the terms of the VAT Facility Agreement.

Financial covenants

Pursuant to the VAT Facility Agreement the Fortezza II Borrower shall ensure that the Interest Cover Ratio is met.

Financial Ratios

Fortezza II VAT Facility

	Covenant	**Cut-Off**	**Maturity**
ICR[(1)]	1.05	1.05	1.05
DSCR[(2)]	N/A	N/A	N/A
LTV[(1)(2)]	N/A	N/A	N/A

(1) Based on Valuations
(2) Assumes that the Loan is fully drawn, with the exception of the VAT facility

A breach of the Interest Cover Ratio constitutes an event of default.

"**Interest Cover Ratio**" means that the Interest Cover is not, at any time, less than 1.05 to 1.

"**Interest Cover**" means projected rental in respect of the Fortezza II Properties as a proportion of projected net finance costs at the time expressed as a ratio.

The Borrower's VAT accounts

The Borrower has opened the following accounts:

(a) a VAT account designated the "**VAT Account**" at Intesa San Paolo S.p.A.; and

(b) a deposit account designated the "**VAT Disposal Proceeds Account**" at Intesa San Paolo S.p.A.

together referred to as the "**Fortezza II Borrower's VAT Accounts**".

The Fortezza II Borrower may not maintain any other bank accounts in relation to the receipt of rental income, disposal proceeds or any insurance proceeds with respect to a Fortezza II Property without prior written consent of the Facility Agent (such consent not to be unreasonably withheld).

Distributions from the VAT Account

On each Interest Payment Date, the Facility Agent shall apply amounts standing to the credit of the VAT Account as follows:

(i) *first*, in or towards 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 Finance Documents;

(ii) *second*, in or towards payment of amounts approved by the Facility Agent (acting reasonably) in respect of payments permitted under the VAT Facility Agreement with respect to service charge obligations, essential operating and third party asset management costs for each VAT Mortgaged Property, essential operating expenses of the Fortezza II Borrower and other professional fees incurred in relation to each VAT Mortgaged Property;

(iii) *third*, in or towards payment of any tax payments;

(iv) *fourth*, in or towards 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 Finance Documents;

(v) *fifth*, in or towards payment of any principal due but unpaid under the Finance Documents;

(vi) *sixth*, in or towards payment of any other expenditure to the extent provided for in the Business Plan; and

(vii) *seventh*, in or towards payment of any surplus into the Fortezza II General Account (as defined below), provided that if there a breach of the Interest Cover Ratio (the "**Breach**") is outstanding and the Borrower has not remedied such Breach in the six month period prior to the date on which such Breach occurred, payments under this sub-paragraph (vii) shall be suspended and the Facility Agent shall, at the Fortezza II Borrower's request, withdraw any amount from the VAT Account and apply them toward remedying the relevant Breach. On the Interest Payment Date on which the Facility Agent confirms to the Fortezza II Borrower that there is no longer a Breach outstanding, payments under this sub-paragraph (vii) may be resumed.

If no event of default is outstanding, the Facility Agent shall distribute amounts standing to the credit of the VAT Account in accordance with the items set out above only.

"**Fortezza II General Account**" means the general account held by Torre SGR S.p.A. in the name of Torre RE Fund I, as managing company of the borrower.

Distributions from the Disposal Proceeds Account

The Disposal Proceeds Account is subject to joint written instructions of both the Facility Agent and the Fortezza II Borrower, provided that, if an event of default is outstanding, the Facility Agent shall, from the date on which the VAT Facility is utilised, be granted an irrevocable mandate by the Borrower to operate the Disposal Proceeds Account.

Following the disposal of any VAT Mortgaged Property in accordance with the terms of the VAT Facility Agreement, the Facility Agent may, and shall be authorised by the Fortezza II Borrower to, apply any amounts standing to the credit of the Disposal Proceeds Account in prepayment of the VAT Facility and all other amounts due to the VAT Finance Parties under the Finance Documents.

The French Loan

The Haussmann Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 268,000,000	€ 268,000,000	-
Cut-Off Date Principal Balance	€ 265,766,667	€ 265,766,667	-
Projected Balance at Maturity [(1)]	€ 250,189,167	€ 250,189,167	-

Undrawn Capex/TI Facility	€2,390,000
VAT Facility	-

Loan Purpose	Acquisition
Funding Date	16 February 2007
First Interest Payment Date	15 April 2007
Loan Maturity Date	15 January 2014
Remaining Term	6.3 yrs
Extension Option(s)	1 + 1 + 1 year extension option available
Loan Interest Type	Floating
Loan Coupon [(2)]	5.0%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Societe Immobiliere Privat
Borrower Location	France
Amortisation	Amortising
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	1927 - 2002
Tenure	Freehold
Property /Asset Manager	Altys Gestion
Net Lettable Area (sqm)	24,832
Total Gross Rental Income p.a.	€22,920,371
Total Net Rental Income p.a.	€21,228,531
ERV	€18,003,200
Occupancy (as % of Net Lettable Area)	100.0%
Appraised Market Value	€422,000,000

Date of Valuation	1 January 2007
Valuer	AtisReal
VPV	€371,000,000
Number of Unique Commercial Tenants	2
Number of Commercial Leases	2
WAULT to First Break / Expiry [(3)]	4.5 yrs/4.5 yrs
% of Investment Grade Income [(4)]	100.0%

(1) Assumes timely receipt of principal and interest due under the Loans.
(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 with the exclusion of all the indefinite leases.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

General.

The Haussmann Loan was made pursuant to a loan agreement dated 16 February 2007 between Lehman Brothers Bankhaus AG, London Branch, in its capacity as lender (the "**Haussmann Lender**"), as arranger (the "**Haussmann Arranger**") and as agent (the "**Security Agent**"), Société Immobilière Privat as borrower (the "**Haussmann Borrower**") and SU European Properties (the "**Initial Subordinated Lender**") (the "**Haussmann Loan Agreement**"). The Haussmann Loan Agreement is governed by French law.

The Borrower. Société Immobilière Privat is a French *société à responsabilité* incorporated on 18 January 1971. Its registered office is at 2, rue de la Fraternelle, 69009 Lyon, France and its company number is 971 500 467 RCS Lyon (the "**Haussmann Borrower**").

The Haussmann Borrower is a wholly owned subsidiary of Les Docks Lyonnais, a French *société anonyme* with its registered office at 2, rue de la Fraternelle, 69009 Lyon, France, company number 955 502 133 RCS Lyon.

The rights of Les Docks Lyonnais as sole shareholder in the Haussmann Borrower are contained in the by-laws (*statuts*) of the Haussmann Borrower. The Haussmann Borrower is managed by its parent company in accordance with the Haussmann Borrower's by-laws and the laws of the Republic of France, which ensure that control of the Haussmann Borrower will not be abused.

A due diligence report prepared by Clifford Chance Europe LLP dated 15 February 2007 (the "**Report**"), lists three disputes in which the Haussmann Borrower was involved and the Originator has been advised that the Haussmann Borrower is the claimant under these proceedings. The first dispute involved SA Briatte and was subject to a settlement protocol. Confirmation has not yet been received as to whether (i) all sums due have been fully paid and (ii) such dispute has been subject to a final settlement. The second dispute involved Lefort Francheteau and had not settled as of 9 January 2007. The third dispute is related to the painting of the building's external windows. Confirmation has not yet been received as to whether (i) the repair work has been completed and (ii) such dispute has been subject to a final settlement. The Report did not provide any details as to the value of these disputes.

In so far as the Issuer is aware, there are no potential conflicts of interest between any duties of Philippe Camus as the *Gerant* (General Manager) of the French Borrower and his private interests.

Principal Activities.

The principal activities of the Haussmann Borrower are acquiring real property, developing real property, leasing real property and directly or indirectly holding shares in companies that lease real property. The Haussmann Borrower's activities must be carried out in compliance with French law and regulations.

Financial Information.

The Haussmann Borrower's audited financial statements, prepared by statutory auditors, for the period from 30 September 2005 to 31 December 2006 and for the period from 1 October 2004 to 30 September

2005 are attached as Appendix 2 to this Prospectus. These financial statements were prepared by Pascal Levieux of Requet Mabro, Commissariat aux comptes, 24 chemin des Verrieres, 69260 Charbonnieres and Bernard Chababel of Commissariat Controle Audit CCA, 43 rue de la Bourse, 69002 Lyon, respectively.

In so far as the Issuer is aware there has been no material adverse change in the financial position or prospects of the Haussmann Borrower since the date of its last published audited financial statements.

Capex facility. Under the Haussmann Loan Agreement, the Haussmann Borrower benefits from a non revolving credit facility of a maximum principal amount of €2,390,000, the purpose of which is to finance capex works (the "**Haussmann Capex Facility** "). As of the Cut-Off Date the Haussmann Capex Facility has not been drawn.

The Haussmann Loan is secured by a commercial property located in Paris, France, details of which are set out in the table below (the "**Haussmann Property**"). The Haussmann Borrower owns the Haussmann 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)]
Haussmann	Office	Freehold	422,000,000	21,228,531	24,832	Multiple	4.5 / 4.5
Total			**422,000,000**	**21,228,531**	**24,832**		**4.5 / 4.5**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

The Haussmann Lender has the benefit of (a) the subrogation in the rights in the lender's lien (*subrogation dans le privilège de prêteur de deniers*) of the Initial Subordinated Lender in relation to the Haussmann Property, up to the outstanding amount due to the Initial Subordinated Lender and secured by the lender's lien, such amount being equal to the principal amount of the Haussmann Loan, and (b) a second ranking mortgage (*acte d'affectation hypothécaire*) granted on 16 February 2007. In addition, the Haussmann Borrower has assigned 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*) in favour of the Haussmann Lender its receivables arising under (i) the Haussmann Borrower Swap Agreement, (ii) the leases, (iii) the insurance policy "*Police Unique Chantier*" number 250 100 083 entered into with Assurances Générales de France IART, (iv) the property purchase agreement, (v) a corporate guarantee (*cautionnement solidaire*) granted by Reuters Limited, guaranteeing the payment of all sums due under the lease to Reuters France S.N.C. ("**Reuters**"), and (vi) two first demand bank guarantees (*garantie bancaire à première demande*) granted by BNP Paribas, guaranteeing the payment of certain sums due under the lease to Atos Euronext S.A ("**Atos**"). The Haussmann Borrower has also granted a delegation (*délégation*) of insurance proceeds pursuant to article L.121-13 of the French *Code des assurance*, a bank account pledge (*nantissement de compte*) over the Haussmann Rent Collection Account, the Haussmann Debt Payment Account, the Haussmann Expenses and Distributions Account, and the Haussmann Rent Deposit Account and cash collateral over each of the Haussmann Rent Reserve Account and the Haussmann Ratio Reserve Account.

The Haussmann Loan is also secured by (a) a share pledge (*nantissement de parts sociales*) over the shares of the Haussmann Borrower granted by Société Anonyme des Docks Lyonnais, (b) a pledge of receivables (*nantissement de créances*) granted by the Initial Subordinated Lender and (c) two guarantees (*cautionnement solidaire*) granted by Société Anonyme des Docks Lyonnais.

Furthermore, the Haussmann Borrower is prohibited from granting any security over its assets, incurring any debt or carrying on any activities, other than in certain limited circumstances.

Insurance under the Haussmann Loan Agreement.

The Haussmann Borrower is required to keep current, with first ranking insurance companies that comply with a short-term credit rating of not less than "A" (S&P), "A1" (Moody's) or "A" (Fitch):

(a) a comprehensive insurance policy that covers the reconstruction as new of the Haussmann Property (including VAT), and guarantees the payment of all rents for the Haussmann Property for a period of thirty-six (36) months from the date of the claim; and

(b) a third party liability insurance policy.

Haussmann Property Management.

The Haussmann Property is managed by Altys Gestion, a *société par actions simplifiée* organized under the laws of the Republic of France, with a share capital of EUR 45,200, the registered office of which is located at 103/105, rue des Trois Fontanot, 92000 Nanterre, France, registered with the Nanterre trade registry under number 582 044 418 (the "**Haussmann Property Manager**"). The Haussmann Property Manager has been appointed by the Haussmann Borrower under a property management agreement (the "**Haussmann Property Management Agreement**").

Furthermore, the Haussmann Borrower has entered into a duty of care agreement (the "**Haussmann Duty of Care Agreement**") with the Haussmann Property Manager, the Haussmann Lenders and the Security Agent. Under the Haussmann Duty of Care Agreement, the Haussmann Property Manager has given an undertaking to the Security Agent and the Haussmann Lenders to comply with the terms of, and fulfil its obligations as set out in, the Haussmann Property Management Agreement, and has covenanted not to amend the terms of the Haussmann Property Management Agreement and not to transfer its rights and obligations under the Haussmann Property Management Agreement without the consent of the Security Agent.

Pursuant to the Haussmann Duty of Care Agreement, should the Haussmann Property Manager breach an obligation under the Haussmann Duty of Care Agreement, the Security Agent may require the Haussmann Borrower to appoint a new property manager if the breach has not been remedied within a certain period. In addition, the Haussmann Property Manager is required to notify the Security Agent in case of any breach by the Haussmann Borrower of its obligations under the Haussmann Property Management Agreement.

Repayment

The Haussmann Loan shall be repaid in full (including all other amounts outstanding) on 15 January 2014 (the "**Haussmann Maturity Date**").

On each Interest Payment Date, the Haussmann Borrower shall repay a portion of the Haussmann Loan as follows:

Date	**There have been no break notices in respect of the Atos and Reuters Leases (EUR)**	**If Atos has given notice of the intention to break its lease (EUR)**	**If Reuters has given notice of the intention to break its lease (EUR)**
15 April 2007	558,333	558,333	558,333
15 July 2007	837,500	837,500	837,500
15 October 2007	837,500	837,500	837,500
15 January 2008	837,500	837,500	837,500
15 April 2008	837,500	837,500	837,500
15 July 2008	837,500	837,500	837,500
15 October 2008	837,500	837,500	837,500
15 January 2009	837,500	837,500	837,500
15 April 2009	837,500	837,500	837,500

Date	There have been no break notices in respect of the Atos and Reuters Leases (EUR)	If Atos has given notice of the intention to break its lease (EUR)	If Reuters has given notice of the intention to break its lease (EUR)
15 July 2009	837,500	837,500	837,500
15 October 2009	837,500	837,500	837,500
15 January 2010	837,500	837,500	837,500
15 April 2010	502,500	-	502,500
15 July 2010	502,500	-	502,500
15 October 2010	502,500	-	502,500
15 January 2011	502,500	-	502,500
15 April 2011	502,500	-	502,500
15 July 2011	502,500	-	502,500
15 October 2011	502,500	-	502,500
15 January 2012	502,500	-	502,500
15 April 2012	502,500	502,500	502,500
15 July 2012	502,500	502,500	502,500
15 October 2012	502,500	502,500	502,500
15 January 2013	502,500	502,500	502,500
15 April 2013	502,500	502,500	-
15 July 2013	502,500	502,500	-
15 October 2013	502,500	502,500	-
15 January 2014	502,500	502,500	-

The Haussmann Borrower shall repay the outstanding amount of the Haussmann Loan on the Haussmann Maturity Date.

Prepayment

The Haussmann Loan Agreement provides for voluntary and mandatory prepayment. Any voluntary prepayment made must include breakage costs and must, if made in part, be in a minimum amount of EUR 3,000,000.

Mandatory prepayments shall be made upon the disposal of all or part of the Haussmann Property and upon disposal of all or part of the shares of the Haussmann Borrower. A mandatory prepayment shall also be made, under certain conditions, if a loss occurs in relation to the Haussmann Property.

All mandatory prepayments made shall include breakage costs.

Financial covenants.

Pursuant to the Haussmann Loan Agreement, the Haussmann Borrowers must ensure that the Haussmann Debt Service Coverage Test and the Haussmann Interest Cover Test are met.

Financial Ratios

Financial Ratios

	A-Note		Whole Loan	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.56x	1.40x	1.56x	1.40x
DSCR [(2)]	1.25x	1.21x	1.25x	1.21x
LTV [(1)(2)]	63.0%	59.3%	63.0%	59.3%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn, with the exception of the capex facility.

If the Haussmann Debt Service Coverage Test is not met on any Interest Payment Date, the Haussmann Borrower may remedy such situation within fifteen (15) calendar days of the breach by, (a) prepaying the Haussmann Loan and/or the Haussmann Capex Facility up to an amount necessary to comply with the Haussmann Debt Service Coverage Ratio, and/or (b) transferring any amount to a reserve account opened in the name of the Security Agent (the "**Haussmann Ratio Reserve Account**") as is necessary to comply with the Haussmann Debt Service Coverage Ratio which shall be considered cash collateral for the Security Agent.

If the Haussmann Interest Cover Test is not met on any Interest Payment Date, the Haussmann Borrower shall be entitled to remedy such situation by, (a) prepaying the Haussmann Loan and/or the Haussmann Capex Facility up to an amount necessary to comply with the Haussmann Interest Cover Ratio, and/or (b) transferring any amount to the Haussmann Ratio Reserve Account as necessary to comply with the Haussmann Interest Cover Ratio, to be allocated as cash collateral for the Security Agent within fifteen (15) calendar days of such breach.

The "**Haussmann Debt Service Coverage Ratio**" is the ratio of:

(i) the Haussmann Borrower's net revenue in respect of the Haussmann Property for the interest period ending on such Interest Payment Date and the interest period immediately preceding such interest period, *plus* any amounts standing to the credit of the Haussmann Ratio Reserve Account on such date *plus* the aggregate of the estimated net revenues for the two following interest periods; over

(ii) the interest and principal payments under the Haussmann Loan and the Haussmann Capex Facility for the interest period ending on such Interest Payment Date and the interest period immediately preceding such interest period, *plus* the aggregate of the estimated interest and principal payments in respect of the Haussmann Loan and the Haussmann Capex Facility for the two following Haussmann interest periods.

"**Haussmann Debt Service Coverage Test**" means the requirement that the Haussmann Debt Service Ratio is equal to 1.05.

The "**Haussmann Interest Cover Ratio**" is the ratio of:

(i) the Haussmann Borrower's net revenue in respect of the Haussmann Property for the interest period ending on such date and the interest period immediately preceding such interest period, plus any amounts standing to the credit of the Haussmann Ratio Reserve Account on such date, plus the aggregate of the estimated net revenues for the two following interest periods; over

(ii) the interest payments under the Haussmann Loan and the Haussmann Capex Facility for the interest period ending on such date and the interest period immediately preceding such interest period plus the aggregate of the estimated interest payments in respect of the Haussmann Loan and the Haussmann Capex Facility for the two following Haussmann interest periods.

"**Haussmann Interest Cover Test**" means the requirement that the Haussmann Interest Cover Ratio is equal to 1.15.

The Haussmann Rent Reserve Account.

The Security Agent has opened a rent reserve account (the "**Haussmann Rent Reserve Account**") into which the Haussmann Borrower shall, on each Interest Payment Date, deposit a certain minimum amount. The Haussmann Finance Parties may allocate the amounts standing to the credit of the Haussmann Rent Reserve Account to payments required to be made from the Haussmann Debt Payment Account should the amounts standing to the balance of the Haussmann Debt Payment Account be insufficient. This is to be used to cover potential shortfalls, in rental income in the event that one of the tenants vacates the Haussmann Property. The minimum amounts to be deposited into the Haussmann Reserve Account on the relevant Interest Payment Date are set out in the following table:

Date	Column A (EURO)	Column B (EURO)	Column C (EURO)
15 April 2007	680,000	0	680,000

15 July 2007	1,330,000	0	1,330,000
15 October 2007	1,980,000	0	1,980,000
15 January 2008	2,530,000	0	2,530,000
15 April 2008	3,210,000	0	3,210,000
15 July 2008	3,890,000	0	3,890,000
15 October 2008	4,570,000	0	4,570,000
15 January 2009	5,250,000	0	5,250,000
15 April 2009	5,850,000	0	5,850,000
15 July 2009	6,350,000	0	6,350,000
15 October 2009	6,850,000	0	6,850,000
15 January 2010	7,400,000	0	7,400,000
15 April 2010	8,750,000	0	8,750,000
15 July 2010	10,100,000	0	10,100,000
15 October 2010	11,400,000	0	11,400,000
15 January 2011	11,400,000	0	11,400,000
15 April 2011	11,400,000	0	11,400,000
15 July 2011	11,400,000	0	11,400,000
15 October 2011	11,400,000	0	11,400,000
15 January 2012	11,400,000	0	11,400,000
15 April 2012	11,400,000	0	11,400,000
15 July 2012	11,400,000	1,200,000	12,600,000
15 October 2012	11,400,000	2,400,000	13,800,000
15 January 2013	11,400,000	3,600,000	15,000,000
15 April 2013	11,400,000	5,200,000	16,600,000
15 July 2013	11,400,000	6,800,000	18,200,000
15 October 2013	11,400,000	8,400,000	19,800,000
15 January 2014	11,400,000	9,000,000	20,400,000

Where

(i) Column A represents the Minimum Reserve on the relevant Interest Payment Date if the Haussmann Maturity Date falls prior to the Atos Date but subsequent to the Reuters Date;

(ii) Column B represents the Minimum Reserve on the relevant Interest Payment Date if the Haussmann Maturity Date falls prior to the Reuters Date but subsequent to the Atos Date; and

(iii) Column C represents the Minimum Reserve on the relevant Interest Payment Date if the Haussmann Maturity Date falls subsequent to both the Atos Date and the Reuters Date,

provided, however, that if the Haussmann Maturity Date falls after both the Atos Date and the Reuters Date, the Minimum Reserve on such date shall be 0.

"**Atos Date**" means the date on which the first rent payment is scheduled to be paid in respect of a renewed Atos Lease or a new lease in respect of the premises occupied by Atos.

"**Reuters Date**" means the date on which the first rent payment is scheduled to be paid in respect of a renewed Reuters Lease or a new lease in respect of the premises occupied by Reuters.

The Haussmann Borrower Accounts.

The Haussmann Borrower has opened a current account designated as a rent collection account (the "**Haussmann Rent Collection Account**"), a current account designated as a debt payment account (the "**Haussmann Debt Payment Account**"), a current account designated as an expenses and authorised distributions account (the "**Haussmann Expenses and Distributions Account**") and a current account designated as a rent deposit account (the "**Haussmann Rent Deposit Account**").

Distributions from the Haussmann Borrower Accounts.

The Haussmann Borrower has undertaken to credit all gross revenue received in respect of the Haussmann Property to the Haussmann Rent Collection Account. The Haussmann Borrower shall debit the Haussmann Rent Collection Account on each of 1 January, 1 April, 1 July and 1 October (each, a "**Haussmann Rent Date**") to pay any taxes and operating expenses relating to the Haussmann Property which fall due prior to the next Haussmann Rent Date. Any surplus standing to the credit of the Haussmann Rent Collection Account after payment of all such taxes and operating expenses shall be credited to the Haussmann Debt Payment Account.

The Haussmann Borrower shall debit the Haussmann Debt Payment Account on each Interest Payment Date to pay any amounts due under the Haussmann Borrower Swap Agreement and to pay any amounts relating to the Haussmann Loan and the Haussmann Capex Facility in the following order:

(a) *firstly*, to the Security Agent, any commissions, fees and reimbursement of expenses incurred,

(b) *secondly*, all interest due and payable in respect of the Haussmann Loan and the Haussmann Capex Facility,

(c) *thirdly*, any principal due and payable in respect of the Haussmann Loan and the Haussmann Capex Facility, and

(d) *fourthly*, any other amount due to the Haussmann Finance Parties.

In addition, on each Haussmann Interest Payment Date, any rent deposits received shall, be paid into the Haussmann Rent Deposit Account. Any surplus remaining to the credit of the Haussmann Debt Payment Account shall be credited to the Haussmann Expenses and Distributions Account.

The Haussmann Borrower may debit the Haussmann Expenses and Distributions Account on each Interest Payment Date to make any authorised distributions of dividend and payments in respect of any authorised prevention of flooding works. Provided no event of default and no potential event of default (as defined in the Haussmann Loan Agreement) has occurred, any surplus standing to the credit of the Haussmann Expenses and Distributions Account may be credited to the Haussmann Borrower's available cash account, the Haussmann Ratio Reserve Account or Haussmann Rent Reserve Account.

Upon the termination of a lease, or the rendering of a court decision requesting the repayment of the rent deposit to a lessee, the sums standing to the credit of the Haussmann Rent Deposit Account may be credited to the Haussmann Borrower's available cash account.

Property disposals.

Following the disposal of all or part of the Haussmann Property, the Haussmann Borrower shall apply such funds toward the payment of principal due under the Haussmann Loan and the Haussmann Capex Facility.

The German Loans

(i) The QueenMary Whole Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 62,288,000	€ 57,788,000	€ 4,500,000
Cut-Off Date Principal Balance	€ 61,966,621	€ 57,466,621	€ 4,500,000
Projected Balance at Maturity[1]	€ 58,667,231	€ 54,406,832	€ 4,260,399

Undrawn Capex/TI Facility	-
VAT Facility	-

Loan Purpose	Acquisition
Funding Date	1 December 2006
First Interest Payment Date	15 January 2007
Loan Maturity Date	15 January 2012
Remaining Term	4.3 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon [2]	5.0%
Primary Loan Security	1st ranking mortgage
Borrower(s)	MLAMGP1 Partnership S.e.c.s MLAMGP2 Partnership S.e.c.s MLAMGP3 Partnership S.e.c.s MLAMGP4 Partnership S.e.c.s
Borrower Location	Luxembourg
Amortisation	Amortising
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Office / Retail
No. of Properties	19
Property Location	Germany
Year Built / Renovated	1900 - 1993
Tenure	Freehold
Property /Asset Manager	Bauwert Property Management GmbH
Net Lettable Area (sqm)	66,024
Total Gross Rental Income p.a.	€ 5,905,102
Total Net Rental Income p.a.	€ 5,008,378
ERV	€ 6,917,874

Occupancy (as % of Net Lettable Area)	71.6%
Appraised Market Value	€ 83,040,000
Date of Valuation	July 15, 2006
Valuer	AtisReal
VPV	€ 62,080,000
Number of Unique Commercial Tenants	205
Number of Commercial Leases	580
WAULT to First Break / Expiry [3]	3.2 yrs/3.2 yrs
% of Investment Grade Income [4]	13.5%

(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 with the exclusion of all the indefinite leases.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

General

The QueenMary Whole Loan was made pursuant to a loan agreement dated 29 November 2006 between, *inter alios*, Lehman Brothers Europe Limited (in its capacity as "**QueenMary Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**QueenMary Original Lender**") and the QueenMary Borrowers (the "**QueenMary Loan Agreement**"). The QueenMary Whole Loan is governed by English law.

The QueenMary Borrowers

Each QueenMary Borrower is a limited corporate partnership (*société en commandite simple*) regulated by the laws of Luxembourg. The general partner of each QueenMary Borrower is MLAMGP S.à.r.l. (the "**General Partner**"), a limited liability company incorporated in Luxembourg, which holds a €100 partnership share in each QueenMary Borrower. The limited partners of each QueenMary Borrower are MLAM 1 S.à.r.l., MLAM 2 S.à.r.l., MLAM 3 S.à.r.l. and MLAM 4 S.à.r.l. (the "**Limited Partners**"), each of which is a limited liability company incorporated in Luxembourg which holds a €1000 partnership share in each QueenMary Borrower.

The QueenMary Properties

The QueenMary Loan Agreement is secured by 19 QueenMary Properties, details of which are set out in the table below the ("**QueenMary Properties**" and each a "**QueenMary 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]
Mannheim Q7, 23-26	Retail	FREEHOLD	14,280,000	1,000,996	7,095	Multiple	5.3 / 5.3
Riesenfeldstr. 75	Office	FREEHOLD	5,960,000	180,941	5,634	Multiple	1.6 / 1.6
Obernstr. 38-42/Kahlenstr. 4-5	Retail	FREEHOLD	5,860,000	351,316	2,013	Multiple	1.1 / 1.1

Manhagener Allee 7 / Lohe 6	Retail	FREEHOLD	5,700,000	395,682	4,827	Multiple	4.2 / 4.2
Steinweg 26/27, Am Schloßgarten 8	Office	FREEHOLD	5,670,000	404,992	5,906	Multiple	2.8 / 2.8
Theresienstr. 4	Retail	FREEHOLD	4,700,000	3,069	3,015	Volksfürsorge Deutsche Lebensvers. AG	1.0 / 1.0
Schützenhofstr. 3	Office	FREEHOLD	4,680,000	266,214	3,489	Multiple	2.8 / 2.8
Hiltropwall 2	Office	FREEHOLD	4,570,000	275,318	5,652	Multiple	3.4 / 3.4
Nevinghoff 4-6	Office	FREEHOLD	4,540,000	339,421	4,102	Multiple	1.3 / 1.3
Hohenfelder Str. 17-19	Office	FREEHOLD	4,480,000	285,975	3,959	Multiple	2.3 / 2.3
Karlstr. 50	Office	FREEHOLD	4,480,000	303,929	4,094	Multiple	3.5 / 3.5
Peterstr. 20-24	Mixed Use	FREEHOLD	4,310,000	335,060	3,363	Multiple	4.2 / 4.2
Karlstr. 45	Office	FREEHOLD	3,280,000	181,457	2,892	Multiple	3.8 / 3.8
Bruchtorwall 8	Office	FREEHOLD	2,970,000	271,046	2,471	Multiple	2.8 / 2.8
Bahnhofstr. 26, Breitenweg 3	Office	FREEHOLD	2,100,000	103,306	1,494	Multiple	5.5 / 5.5
Redtenbacher Str. 5	Office	FREEHOLD	1,930,000	142,176	1,860	Multiple	1.0 / 1.0
Mainzer Landstr. 158	Office	FREEHOLD	1,510,000	58,451	1,377	Multiple	0.9 / 0.9
Bahnhofstr. 6	Office	FREEHOLD	1,490,000	104,055	2,294	Multiple	5.2 / 5.2
Herdentorsteinweg 43	Office	FREEHOLD	530,000	4,973	485	Tintenservice 24 BGBG	4.0 / 4.0
Total			**83,040,000**	**5,008,378**	**66,024**		**3.2 / 3.2**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases

The QueenMary Whole Loan is secured by nineteen registered land charges (*Buchgrundschulden*) each over one QueenMary Property. In addition, each QueenMary 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 QueenMary Borrowers have acquired the QueenMary Properties and has granted pledges over each of the QueenMary Borrowers' accounts listed below (see "*The*

QueenMary Borrowers' Accounts"). The security assignments and pledges include an exemption for interest-bearing long term receivables within the meaning of Section 8 no. 1 of the German Trade Tax Act (*Gewerbesteuergesetz*) against related persons, which cannot be enforced. Each QueenMary Borrower is prohibited from granting any security over its assets, incurring any debt or carrying on any activities, other than in certain limited circumstances. Security in respect of the partnership interests of the General Partner and the Limited Partners in the QueenMary Borrowers has been granted pursuant to Luxembourg law partnership interest pledge agreements.

Furthermore, there is a capex guarantee (the "**QueenMary Capex Guarantee**") in place, under which the obligation of the QueenMary Borrowers and the General Partner are secured in that the aggregate balance in the QueenMary Capex Accounts is not less than the Required Capex Balance (see - *Distributions from the QueenMary Capex Accounts*).

"**Required Capex Balance**" means, as at any Interest Payment Date, the aggregate of €1,000,000 and the amount contemplated in the latest business plan as the aggregate balance in the QueenMary Capex Accounts on such Interest Payment Date.

Insurance under the QueenMary Loan Agreement

The QueenMary Borrowers are required to maintain insurance with a substantial and reputable insurance office or with underwriters having the requisite rating in respect of the QueenMary Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism, 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 QueenMary Borrowers must also maintain insurance for two years' loss of rent (or such greater period as may be required under the terms of any lease). Any such insurance policies save for any insurance policy in respect of third party liability, must be in the names of the QueenMary Borrowers and the relevant Agent as the co-insured (in which case the interest of such relevant Agent shall be noted). The QueenMary Borrowers must, if the Security Agent so requires, apply all moneys received or due to be received under any insurance agreement in respect of any QueenMary Property in prepayment of the QueenMary Whole Loan. Amounts received in respect of any loss of rent insurance shall be paid into the relevant Disposal Proceeds Account (see "*The QueenMary Borrowers' Accounts*" below).

Property Management

The QueenMary Properties are managed by Bauwert Property Management GmbH, a limited liability company registered under German law (the "**QueenMary Property Manager**") and Bauwert Property Management GmbH, a limited liability company registered under German law (the "**QueenMary Asset Manager**" and, together with the QueenMary Property Manager, the "**QueenMary Managers**"). The QueenMary Managers have been appointed by the QueenMary Borrowers under property management agreements (the "**QueenMary Property Management Agreements**") and asset management agreements (the "**QueenMary Asset Management Agreements**" and together with the QueenMary Property Management Agreements, the "**QueenMary Management Agreements**"). Each QueenMary Management Agreement must be in a form satisfactory to the Security Agent and may not be terminated or amended by the QueenMary Borrowers without the consent of the Security Agent. If the QueenMary Managers breach an obligation under a QueenMary Property Management Agreement, the Security Agent may require the QueenMary Borrowers to appoint a new property manager or a new asset manager as the case may be if such breach has not been remedied within a certain period. Furthermore, the QueenMary Borrowers have entered into a duty of care agreement (the "**QueenMary Duty of Care Agreement** ") with the Security Agent and the QueenMary Property Manager. Under the QueenMary Duty of Care Agreement, the QueenMary Property Manager has given an undertaking to the Security Agent to comply with the terms of, and fulfil its obligations as set out in, the relevant QueenMary Property Management Agreement and not to terminate or amend the relevant QueenMary Duty of Care Agreement without the consent of the Security Agent. In addition, the QueenMary Property Manager is required to notify the Security Agent of any breach by the QueenMary Borrowers of their obligations under the QueenMary Property Management Agreements.

Repayment

The QueenMary Whole Loan shall be repaid in full on 15 January 2012. Prior thereto, on each Interest Payment Date, the QueenMary Borrowers must repay a portion of the QueenMary Whole Loan in

accordance with a repayment schedule. The amount of the QueenMary Whole Loan that shall be repaid on each Interest Payment Date shall be equal to (A/B)*C where:

(a) **A** means an amount equal to the amount of the outstanding QueenMary Whole Loan immediately prior to the relevant Interest Payment Date;

(b) **B** means an amount equal to the QueenMary Total Commitments as at the Initial QueenMary Utilisation Date less the amount specified opposite such Interest Payment Date in the third column in the table below; and

(c) **C** means an amount equal to the amount specified opposite such Interest Payment Date in the second column in the table below.

"**Initial QueenMary Utilisation Date**" means the initial date of a utilisation, being the date on which a loan is to be made under the QueenMary Whole Loan.

Interest Payment Date	Amortisation Amount (EUR)	Total (EUR)
15/01/2007	180,000	180,000
15/04/2007	150,000	330,000
15/07/2007	100,000	430,000
15/10/2007	30,000	460,000
15/01/2008	100,000	560,000
15/04/2008	50,000	610,000
15/07/2008	180,000	790,000
15/10/2008	180,000	970,000
15/01/2009	200,000	1,170,000
15/04/2009	170,000	1,340,000
15/07/2009	150,000	1,490,000
15/10/2009	230,000	1,720,000
15/01/2010	250,000	1,970,000
15/04/2010	280,000	2,250,000
15/07/2010	270,000	2,520,000
15/10/2010	280,000	2,800,000
15/01/2011	250,000	3,050,000
15/04/2011	200,000	3,250,000
15/07/2011	240,000	3,490,000
15/10/2011	250,000	3,740,000

If on any Interest Payment Date a Loan to Value Test is breached, the QueenMary Borrowers are obliged to repay a portion of the QueenMary Whole Loan equal to the aggregate amount standing to the credit of the QueenMary Rent Account after all distributions from such account have been made.

Financial covenants

Pursuant to the QueenMary Loan Agreement, the QueenMary Borrowers must ensure that the QueenMary Interest Cover Test, the QueenMary Finance Cover Test and the QueenMary Loan to Value Tests are met.

Financial Ratios

Financial Ratios

	A-Note		Whole Loan	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.91x	2.00x	1.72x	1.81x
DSCR [(2)]	1.69x	2.00x	1.53x	1.81x
LTV [(1)(2)]	69.2%	65.5%	74.6%	70.6%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn.

If a breach of the QueenMary Interest Cover Test, the QueenMary Finance Cover Test or the Original Loan to Value Test occurs (a) on two consecutive Interest Payment Dates or (b) any four Interest Payment Dates in total, an event of default shall be occurred and the Security Agent may accelerate the QueenMary Whole Loan.

If a breach of the Anniversary Loan to Value occurs (a) on any anniversary of the Initial QueenMary Utilisation Date and is not remedied within a three month period or (b) on two consecutive anniversaries, an event of default occurs and the Security Agent may accelerate the QueenMary Whole Loan.

QueenMary

Anniversary LTV Tests

Year end	**LTV**
1	80.00%[1]
2	80.00%[1]
3	75.00%
4	72.50%
5	70.00%

[1] The figure of 80% comes from the covenant on the Borrower to comply with the general LTV ratio of 80% at any time (please see below), although the QueenMary Loan Agreement provides for a specific LTV ratio at the end of Year 1 and at the end of Year 2 equal to 85%.

"**QueenMary Interest Cover Test**" means the ratio of the Tested Rental to the QueenMary Projected Finance Costs for the 12 month period beginning with the QueenMary Interest Payment Date is, at least 120 per cent.

"**QueenMary Finance Cover Test**" means the ratio of the Tested Rental to the QueenMary Projected Interest Costs for the 12 month period beginning with a QueenMary Interest Payment Date is at least 110 per cent.

"**Original Loan to Value**" means the ratio of the outstanding amount of the QueenMary Loan to the Value of the QueenMary Properties, expressed as a percentage, must not exceed 80 per cent. on any day.

"**Tested Rental**" means, on any day, the aggregate of (a) the QueenMary Projected Rental over the 12 month period beginning on such day and, (b) the QueenMary Net Rental Income received under the Residential Leases, Special Leases and the Short Term Car Park Leases over the 12 month period ending on such day.

"**QueenMary Loan to Value Tests**" means the Anniversary Loan to Value together with the Original Loan to Value.

"**QueenMary Projected Rental**" means, in respect of any period, an estimate by the Security Agent (acting reasonably and taking into account provisions in the QueenMary Loan Agreement relating to the QueenMary Interest Cover Test and the QueenMary Finance Cover Test) of the aggregate QueenMary Net Rental Income under the commercial lease and Long Term Car Parking Leases payable on the QueenMary Rent Payment Date. On each QueenMary Interest Payment Date, the QueenMary Projected Rental will be increased by that part of the Cure Amount which has been transferred to the relevant QueenMary Rent Account (see *Distributions from the QueenMary Disposal Proceeds Accounts*).

"**QueenMary Projected Finance Costs**" means, in respect of any period, an estimate by the Security Agent (acting reasonably) of the aggregate amount of (a) all interest, fees and other periodic payments (other than principal) payable to the Finance Parties under the Finance Documents and, (b) any payments of principal due and payable in accordance with the payment schedule as set out in *"Repayment"* above.

"**Long Term Car Parking Lease**" means any lease, including any future lease, or sublease relating to any car parking space in respect of any Commercial Lease and having a term of at lease 12 months.

"**QueenMary Net Rental Income**" means the aggregate of all rents, licence fees, any increase of rent payable, any amounts received as a result of any tenant default, any other moneys in respect of occupation and/or usage of a QueenMary Property and any fixture and fitting therein and any fixture thereon for display or advertisement, on licence or otherwise, any rent payable by virtue of a determination made by any court or by virtue of a determination or award made by any arbitrator or expert appointed to determine a rent review under any lease and, any sum paid by any guarantor of any occupational tenant under any lease which can be increased by the amount of interest which has accrued on the QueenMary Borrower's Accounts.

"**QueenMary Projected Interest Costs**" means, in respect of any period, an estimate by the Security Agent (acting reasonably) of the aggregate amount of all interest, fees and other periodic payments (other than principal) payable to the Finance Parties under the Finance Documents.

"**QueenMary Rent Payment Date**" means the date in each month upon which a tenant is required to pay rental income under the terms of its lease.

The QueenMary Borrowers' Accounts

Each QueenMary Borrower has opened the following accounts:

(a) a current account designated as a general account (the "**QueenMary General Account**");

(b) an account designated as a disposal proceeds account (the "**QueenMary Disposal Proceeds Account**");

(c) an account designated as a rent account (the "**QueenMary Rent Account**");

(d) an account designated as a collection account in relation to each QueenMary Property (the "**QueenMary Collection Account**");

(e) an account designated as a capex account (the "**QueenMary Capex Account**"); and

(f) an account designated as a capex loan account (the "**QueenMary Capex Loan Account**"),

together referred to as the "**QueenMary Borrowers' Accounts**".

Each QueenMary Collection Account is subject to a German law pledge and each QueenMary General Account, QueenMary Disposal Proceeds Account, QueenMary Rent Account, QueenMary Capex Accounts and the QueenMary Capex Loan Account are subject to a Luxembourg law pledge.

Distributions from the QueenMary Rent Account

All amounts representing net rental income, all amounts receivable under any QueenMary hedge arrangement (other than under any Issuer Swap Agreement) and all other amounts received by the

QueenMary Borrowers and the General Partners (except for any amounts payable to any QueenMary Capex Account and in respect of QueenMary Disposal Proceeds Account) shall be paid into the relevant QueenMary Rent Account. The Security Agent has the sole signing rights in respect of each QueenMary Rent Account.

On each Interest Payment Date, the Security Agent will withdraw from the QueenMary Rent Account the following amounts in the following order (provided that there is no event of default continuing under the QueenMary Loan Agreement and the QueenMary Interest Cover Ratio, the QueenMary Finance Cover Ratio and the Loan to Value Tests are satisfied):

(a) *firstly*, in or towards payment of any unpaid sums and all other amounts payable to the Finance Parties by the QueenMary Borrowers and the General Partners in respect of unpaid fees, costs and expenses of the Finance Parties under the Finance Documents;

(b) *secondly*, in or towards payment of any accrued interest, fee or commission due but unpaid under the QueenMary Loan Agreement;

(c) *thirdly*, in or towards payment *pro rata* of any principal or other amount (other than the amounts of principal payable in accordance with the repayment schedule as set out in "*Repayment*" above) due but unpaid under the QueenMary Loan Agreement;

(d) *fourthly*, in or towards payment of any QueenMary Property Manager's fees due and payable under the QueenMary Property Management Agreements;

(e) *fifthly*, if the amount standing to the credit of any QueenMary Capex Accounts is less that the Required Capex Balance, an amount equal to such difference shall be transferred to the relevant QueenMary Capex Account, or any of them;

(f) *sixthly*, in payment of the amount due but unpaid in accordance with the repayment schedule as set out in "*Repayment*" above); and

(g) *seventhly*, in or towards payment of any surplus standing to the credit of any QueenMary Rent Account into the relevant QueenMary General Account.

If at any time an event of default is continuing under the QueenMary Loan Agreement or the QueenMary Interest Cover Ratio, the QueenMary Finance Cover Ratio or the Loan to Value Test is not satisfied (any such occurrence, the "**Relevant Circumstances**") any amounts paid into a QueenMary Rent Account will, after payment of the items (a) to (f) above, be retained in the relevant QueenMary Rent Account or spent at the Security Agent's discretion on the QueenMary Properties or applied at the Security Agent's discretion in voluntary prepayment of the QueenMary Whole Loan or any other amounts outstanding under a Finance Document until no Relevant Circumstance is occurring. On any QueenMary Interest Payment Date subsequent to any date on which the Security Agent is satisfied that no Relevant Circumstance is occurring, the Security Agent shall apply all monies standing to the credit of the QueenMary Rent Accounts in the order specified above.

Any QueenMary Borrower may (not more than once per month) request that the Security Agent withdraw an amount (subject to a maximum amount determined by the Security Agent) in respect of essential operating expenses (pursuant to the latest business plan) from the relevant QueenMary Rent Account and pay into the relevant QueenMary General Account (provided that there is no event of default continuing under the QueenMary Loan Agreement and no default will occur on the following QueenMary Interest Payment Date).

Distributions from the QueenMary General Account

Each QueenMary Borrower has the sole signing rights with respect to its QueenMary General Account and may, subject to the restrictions in the respective Subordination Arrangements, make withdrawals from its QueenMary General Account to make any payments (provided that there is no event of default continuing under the QueenMary Loan Agreement). If at any time an event of default is continuing, no amounts may be withdrawn from a QueenMary General Account without the prior written consent of the Security Agent. Whilst an event of default is continuing, only the Security Agent has the right to operate the QueenMary General Accounts.

Distributions from the QueenMary Disposal Proceeds Accounts

Each QueenMary Borrower shall pay into the QueenMary Disposal Proceeds Account:

(a) in relation to the disposal of all or part of a QueenMary Property on the date of such disposal an amount equal to the aggregate of (i) 115% of Allocated Loan Amount for that QueenMary Property, (ii) any amount payable in accordance with Break Costs, Prepayment Fee and amounts to be paid to the QueenMary Lender by the QueenMary Borrowers and the General Partner as indemnification for any costs payable by the Lender to any hedge counterparty, and (iii) any amount equal to the capital gains tax (*Kapitalertragssteuer*) liability in respect of such disposal; and

(b) the proceeds of loss of rent insurance and the proceeds of any other insurance claims.

If on any date any QueenMary Borrower anticipates that there will be a breach of the QueenMary Interest Cover Test or the QueenMary Finance Cover Test, any QueenMary Borrower may deposit into its QueenMary Disposal Proceeds Account the Cure Amount. No deposit may be made in respect of an anticipated breach that would otherwise occur on more than two consecutive QueenMary Interest Payment Dates unless the Security Agent otherwise agrees. The Security Agent will transfer on each QueenMary Interest Payment date a quarter of such Cure Amount to the relevant QueenMary Rent Account and, if, at any time, the Security Agent is satisfied that the QueenMary Interest Cover Test will be satisfied on the next following QueenMary Interest Payment Date without taking into account such Cure Amount or part of it, provided that no default is continuing and no default would result from such release, the Security Agent will release to the QueenMary General Accounts such Cure Amount or part of it which is not required to satisfy the QueenMary Interest Cover Test.

"**Allocated Loan Amount**" means in relation to the relevant QueenMary Property, the amount allocated for the acquisition of such QueenMary Property as specified in the QueenMary Loan Agreement.

"**Cure Amount**" means an amount payable by the QueenMary Borrowers to the QueenMary Disposal Proceeds Accounts required to cure a breach of the QueenMary Interest Cover Test and/or the QueenMary Finance Cover Test.

The Security Agent has the sole signing right with respect to each QueenMary Disposal Proceeds Account.

Any amounts due and payable by the QueenMary Borrowers in respect to any capital gain tax (*Kapitalertragsteuer*) shall be paid by the Security Agent into the relevant QueenMary General Account upon request of the relevant QueenMary Borrower. Furthermore, upon the request of the relevant QueenMary Borrower, the Security Agent shall withdraw any amount in respect of real estate transfer tax (*Grunderwerbsteuer*) which has been deposited in the relevant QueenMary Disposal Proceeds Account in accordance with the QueenMary Loan Agreement to and apply such amount in discharge of such real estate transfer tax.

Distributions from the QueenMary Collection Accounts

Under the QueenMary Property Management Agreements, the QueenMary Property Manager is obliged to collect all rental income in respect of the QueenMary Properties. Such rental income shall be paid by the QueenMary Property Manager into the relevant QueenMary Collection Account. Immediately after the rental income has been credited to the QueenMary Collection Account, the QueenMary Property Manager shall pay all QueenMary Net Rental Income to the QueenMary Rent Account and apply all Service Charge Proceeds and amounts received in respect of VAT as contemplated by the QueenMary Duty of Care Agreements.

The QueenMary Property Manager and the Security Agent have the sole signing rights with respect to each QueenMary Collection Account. If an event of default has occurred, the Security Agent will have the sole signing rights with respect to each QueenMary Collection Account until such event of default has been remedied to the satisfaction of the Security Agent.

"**Service Charge Expenses**" means:

(a) all amounts (if any) (together with any VAT charges thereon) owed to any QueenMary Borrower and/or General Partner by any tenants under any lease or by any other occupier by way of contribution to insurance premiums and the cost of insurance valuations or by way of service charges in respect of costs incurred or to be incurred by any QueenMary Borrower and/or General Partner under any obligation to repair or any similar obligation or in providing services or advancing payments to such tenant or to the building itself;

(b) expenses incurred by or on behalf of a QueenMary Borrower and/or General Partner due to a breach of covenant where such amount is or is to be applied by the QueenMary Borrower and/or General Partner in remedying such breach or discharging such expense;

(c) any contributions paid by any tenant or other occupier toward a service charge payment (*Betriebskostenzahlung*) under any lease; and

(d) any VAT payable on any sum in (a) - (c) (save to the extent already included).

"**Service Charge Proceeds**" any amount of rental income paid by way of reimbursement or contributed by a tenant or any other occupier under any lease in respect of any Service Charge Expenses.

Distributions from the QueenMary Capex Accounts

All amounts received under the QueenMary Capex Guarantee and all amounts received in respect of any disposal (to the extent the aggregate amount standing to the credit of the QueenMary Capex Accounts on the date of such disposal is less than the QueenMary Required Capex Balance) shall be paid directly into the relevant QueenMary Capex Account. The Security Agent has sole signing rights with respect to each QueenMary Capex Account.

Upon written request of a QueenMary Borrower (limited to one request per month), the Security Agent shall transfer to the respective QueenMary General Account an amount to be used for

(a) capital expenditure works and/or tenant improvements as contemplated in the relevant business plan;

(b) for any other purpose contemplated by the business plan and consented to by the Security Agent; and

(c) any other purpose permitted under the QueenMary Loan Agreement (so long as the aggregate balance standing to the credit of the QueenMary Capex Accounts exceeds the Required Capex Balance on each Interest Payment Date).

The QueenMary Borrowers and the General Partner shall procure that on each Interest Payment Date the aggregate balance in the QueenMary Capex Accounts is not less than the Required Capex Balance.

Distributions from the QueenMary Capex Loan Account

All amounts received in respect of any loan granted to any QueenMary Borrower by the General Partner (with the repayment obligation of each such loan to be subordinated to any payments in respect of the QueenMary Whole Loan) (a "**QueenMary Capex Loan**") shall be paid directly into the QueenMary Capex Loan Account. The Security Agent has sole signing rights with respect to the QueenMary Capex Loan Account.

If on any date any QueenMary Borrower that the aggregate balance standing to the credit of the QueenMary Capex Accounts will be less than the Required Capex Balance on the next Interest Payment Date, any such QueenMary Borrower may, before such Interest Payment Date, make a written request to the Security Agent to transfer to the QueenMary Capex Accounts the amount equal to such difference anticipated. In case of an event of default having occurred or is continuing, the Security Agent shall make such transfer whether or not a request from any QueenMary Borrower has been received.

(ii) The Baywatch Whole Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 53,897,000	€ 46,397,000	€ 7,500,000
Cut-Off Date Principal Balance	€ 53,897,000	€ 46,397,000	€ 7,500,000
Projected Balance at Maturity [(1)]	€ 53,897,000	€ 46,397,000	€ 7,500,000

Original Capex/TI Facility	€ 2,563,347
VAT Facility	-

Loan Purpose	Acquisition
Funding Date	13 February 2007
First Interest Payment Date	15 July 2007
Loan Maturity Date	15 April 2011
Remaining Term	3.6 yrs
Extension Option (s)	1 year extension option available
Loan Interest Type	Floating
Loan Coupon [(2)]	5.6%
Primary Loan Security	1st ranking mortgage
Borrower (s)	A- Campus Braunschweig S.a.r.l B- Trident Dresden S.a.r.l C- Bruhl Leipzig S.a.r.l D- Bunnerhelfsts Dortmund S.a.r.l E- Markischestr Dortmund S.a.r.l F- Dortmunder Str. Witten S.a.r.l G- Herren Str. Hagen S.a.r.l H- Hohestr Kaiserstr Dortmund S.a.r.l
Borrower Location	Luxembourg
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Portfolio
Property Type	Office / Retail
No. of Properties	9
Property Location	Germany
Year Built / Renovated	1937 - 2004
Tenure	Freehold
Property /Asset Manager	Allgemeine Wohnumgverwaltungs / Betrenungsgesellschaft Verwey GmbH
Net Lettable Area (sqm)	66,773
Total Gross Rental Income p.a.	€ 5,053,301

Total Net Rental Income p.a.	€ 4,664,097
ERV	€ 5,531,066
Occupancy (as % of Net Lettable Area)	92.0%
Appraised Market Value	€ 70,280,000
Date of Valuation	16-Aug-2006 - 01-Jan-2007
Valuer	DTZ - Winters&Hirsch
VPV	€ 58,094,710
Number of Unique Commercial Tenants	70
Number of Commercial Leases	78
WAULT to First Break / Expiry (3)	6.3 yrs/6.3 yrs
% of Investment Grade Income (4)	14.6%

(1) Assumes (a) timely receipt of principal and interest due under the Loans and (b) no loan extensions being exercised.
(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 with the exclusion of all the indefinite leases.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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

General.

The Baywatch Whole Loan was made pursuant to a loan agreement dated 13 February 2007 as amended and restated on 28 June 2007 between, inter alios, between Lehman Brothers Europe Limited (in its capacity as "**Baywatch Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Security Agent**"), Lehman Commercial Paper Inc., United Kingdom Branch (in its capacity as "**Baywatch Original Lender**") and the Baywatch Borrowers (the "**Baywatch Loan Agreement**"). The Baywatch Whole Loan provides for a tranche in the amount of €15,397,000 (the "**Baywatch I Tranche A**"), a tranche in the amount of €38,500,000 (the "**Baywatch II Tranche A**" and together with the Baywatch I Tranche A, the "**Baywatch Tranche A**") and a tranche in the amount of €2,376,227 (the "**Baywatch Capex Tranche**"). The Baywatch Loan Agreement is governed by English law.

The Baywatch Borrowers.

Each Baywatch Borrower is a private limited liability company (société à responsabilité limitée) registered in Luxembourg. Each Baywatch Borrower is owned and controlled by Baywatch Holdings S.à.r.l. which is owned by JER Baywatch S.à.r.l. which is registered in Luxembourg and FLD-Baywatch GmbH & Co KG which is registered in Germany. JER Baywatch S.à.r.l. is a subsidiary of JER Europe Fund III Holding S.à.r.l. which is itself a subsidiary of JER Europe Fund III LLC. JER Europe Fund III LLC is owned by JER Europe Fund III. FLD Baywatch GmbH & Co KG is a subsidiary of FLD-Investment GmbH.

The Baywatch Properties.

The Baywatch Whole Loan is secured by nine mixed use properties located in Germany, details of which are set out in the table below (the "**Baywatch Properties**" and each a "**Baywatch 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)
21 Dortmunder Strasse, 58452 Witten	Retail	FREEHOLD	16,100,000	1,030,388	11,231	Toom Baumarkt GmbH	8.9 / 8.9

Alte Salzdahlumer Str. 202-203, 38124 Braunschweig	Office	FREEHOLD	12,450,000	953,461	15,494	Multiple	4.0 / 4.0
237-239a, Maerkische Strasse, 44141 Dortmund (Hoerde)	Mixed Use	FREEHOLD	11,320,000	717,290	6,161	Multiple	7.6 / 7.6
Bunnerhelfstrasse 12, 44379 Dortmund	Warehouse	FREEHOLD	7,640,000	635,828	14,182	Danzas GmbH (sublet to Deutsche Post AG)	7.3 / 7.3
Hohe Strasse 62, Staufenstrasse 15, 44139 Dortmund	Mixed Use	FREEHOLD	6,040,000	376,469	3,867	Multiple	5.3 / 5.3
Theresienstr. 29/ Carolinenstr. 1a, 01097 Dresden	Mixed Use	FREEHOLD	5,630,000	378,663	4,686	Multiple	3.0 / 3.0
Herrenstrasse, Hagen-Hohenlimburg	Mixed Use	FREEHOLD	4,150,000	180,274	5,033	Multiple	2.0 / 2.0
Bruehl 8, 04109 Leipzig	Mixed Use	FREEHOLD	3,740,000	231,231	3,458	Multiple	2.0 / 2.0
Kaiserstrasse 200-202, Manteufelstrasse 4, 44143 Dortmund	Mixed Use	FREEHOLD	3,210,000	160,494	2,662	Multiple	13.2 / 13.2
Total			**70,280,000**	**4,664,097**	**66,773**		**6.3 / 6.3**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

The Baywatch Whole Loan is secured by a certificated aggregate land charge (*Gesamtbriefgrundschuld*) over the Baywatch Properties located in Braunschweig, Leipzig and Dresden and a certificated aggregate land charge (*Gesamtbriefgrundschuld*) over the Baywatch Properties located in Dortmund, Hagen and Witten. In addition, each Baywatch Borrower has pledged or assigned in favour of the Security Agent all rental income, leases, insurance policies and claims arising from the property purchase agreements under which the Baywatch Borrowers have acquired the Baywatch Properties and has granted pledges over each of the Baywatch Borrowers' accounts listed below except for the Baywatch Extraordinary Payment Accounts and the Baywatch Insurance Proceeds Accounts (see "*The Baywatch Borrowers' Accounts*" below). Finally, each Baywatch Borrower has undertaken to pay any amounts due under the Baywatch Whole Loan which any of the other Baywatch Borrowers has failed to pay. To support this undertaking each Baywatch Borrower is prohibited from granting any security over its assets, or incurring any debt or carrying on any activities, other than in certain limited circumstances. Share security has been granted in respect of the shares in the Baywatch Borrowers pursuant to Luxembourg law share pledge agreements in relation to the shares held by Baywatch Holding S.à.r.l. in A-Campus Braunschweig S.à.r.l., B-Trident Dresden S.à.r.l., C-Bruhl Leipzig S.à.r.l., D-Bunnerhelfsts Dortmund S.à.r.l., E-Markischestr Dortmund S.à.r.l., F-Dortmunder Str. Witten S.à.r.l., G-Herren Str. Hagen S.à.r.l. and H-Hohestr / Kaiserstr Dortmund S.à.r.l.

Insurance under the Baywatch Loan Agreement.

The Baywatch Borrowers are required to maintain insurance with a substantial and reputable insurance office or with underwriters having the requisite rating in respect of the Baywatch Properties, trade and fixtures, fixed plant and machinery. The insurance must cover, amongst other risks, terrorism, third party and public liability risk, fire, storm, flood, lightning, explosions, bursting or overflowing water tanks or pipes and such other risks which the Security Agent directs. The Baywatch Borrowers must also maintain insurance for three years' loss of rent (or such other period as the Security Agent directs). Any such insurance policies must be in the names of the Baywatch Borrowers and the Security Agent as co-insured and having regard to any potential increases in rental income as a result of reviews, and must include a term whereby proceeds of any claim are payable directly to the Security Agent.

Property Management.

The Baywatch Properties located in Braunschweig, Leipzig and Dresden are managed by Verwey GmbH and the Baywatch Properties located in Dortmund, Hagen and Witten are managed by MARSTALL Verwaltungsgesellschaft mbH, both entities registered under German law (together the "**Baywatch Property Managers**"). Furthermore, all of the Baywatch Properties are managed by International Property Asset Management GmbH (the "**Baywatch Portfolio Manager**" and together with the Baywatch Property Managers the "**Baywatch Managers**"). The Baywatch Managers have been appointed by the Baywatch Borrowers under management agreements (the "**Baywatch Management Agreements**"). The Baywatch Management Agreements must be in a form satisfactory to the Security Agent and may not be terminated or amended by the Baywatch Borrowers without the consent of the Security Agent. If a Baywatch Manager breaches an obligation under a Baywatch Management Agreement and, if such breach has not been remedied within a certain period, the Security Agent may require the Baywatch Borrowers to appoint a new property manager or portfolio manager, as applicable. The Baywatch Managers, the Baywatch Borrowers and the Security Agent have entered into a duty of care agreements (the "**Baywatch Duty of Care Agreements**") which set out the duty of care standard under which the Baywatch Managers must operate in respect of the Baywatch Management Agreements.

Repayment

The Baywatch Whole Loan does not provide for amortisation and shall be repaid in full (including all other amounts outstanding) on 15 April 2011. The Baywatch Whole Loan provides for a one year extension option up to 15 April 2012 which may be exercised if the following conditions are met:

(a) the Baywatch Borrowers have requested such extension in writing not more than three nor less than one month prior to the maturity date;

(b) no event of default is continuing on the date of the request specified under (a) above; and

(c) sufficient hedge agreements are in place.

Prepayment

The Baywatch Whole Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment and mandatory prepayment upon the disposal of a Baywatch Property must include accrued interest up to the next Interest Payment Date and any prepayment fees.

Mandatory prepayments shall be made upon any disposal, including a compulsory purchase of a Baywatch Property. Any disposal may only be made with the consent of the Security Agent and only if (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 event of default outstanding. A mandatory prepayment shall also be made in respect of any repayment of the purchase price in respect of the Baywatch Property located in Braunschweig pursuant to the terms of the relevant sale and purchase agreement.

Financial covenants

Pursuant to the Baywatch Loan Agreement the Baywatch Borrowers shall ensure that the Baywatch Loan to Value Test and the Baywatch Interest Cover Test are met.

Financial Ratios

Financial Ratios

	A-Note		Whole Loan	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.51x	1.91x	1.23x	1.56x
DSCR [(2)]	1.51x	1.91x	1.23x	1.56x
LTV [(1)(2)]	66.0%	66.0%	76.7%	76.7%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn, with the exception of the capex facility.

If the Baywatch Interest Cover Test or the Baywatch Loan to Value Test (i) is in breach and such breach has been continuing on two or more consecutive Interest Payment Dates or (ii) has been in breach on any three Interest Payment Dates, an event of default shall have occurred and the Security Agent may accelerate the Baywatch Whole Loan. Upon the occurrence of an event of default, the amounts standing to the credit of the Baywatch Rental Income Accounts shall be applied as further specified below under "*Distributions from the Baywatch Rental Income Accounts*".

"**Baywatch Interest Cover Test**" means that the Baywatch Borrowers shall ensure that on each Interest Payment Date the Baywatch Projected Net Rental Income plus the balance standing to the credit of the Baywatch Braunschweig Reserve Account is not less than 120 per cent. of the Baywatch Projected Finance Costs for the next four interest periods (commencing after such Interest Payment Date).

"**Baywatch Loan to Value Test**" means the aggregate sum of the Baywatch Tranche A Loan (less any disposal proceeds and any positive balance standing to the credit of the Baywatch Braunschweig Reserve Account) at any time does not exceed 80.5 per cent. of the total value of the Baywatch Borrowers' interest in the Baywatch Properties at that time as recorded in the then most recent valuation.

"**Baywatch Projected Finance Costs**" means, for any interest period, the Security Agent's estimate (calculated in accordance with the interest cover calculation set out in the Baywatch Loan Agreement) of the aggregate of all interest in respect of Baywatch Tranche A, commitment commissions, fees and other finance costs that are payable by the Baywatch Borrowers to the Finance Parties (as defined below) pursuant to the relevant Finance Documents taking into account all amounts payable to or receivable by the Baywatch Borrowers und any hedge document in relation to the Baywatch Whole Loan (other than any Issuer Swap Agreement).

"**Baywatch Projected Net Rental Income**" means, for any rental quarter, the Security Agent's estimate of the net rental income (having deducted any essential operating cost, service charges and any other applicable taxes) scheduled to be received by the Baywatch Borrowers under any lease after deducting void services charge costs, management fees, amounts payable by the Baywatch Borrowers in respect of unlet properties and any payments in arrear and any applicable grace period if the occupational tenant is unable to pay its debts as they fall due.

The Baywatch Borrowers' Accounts

Each of the Baywatch Borrowers shall open the following accounts:

(a) a current account incorporating

  (i) a sub-account designated as a general account (the "**Baywatch General Account**"); and

  (ii) a sub-account designated as a rental income account (the "**Baywatch Rental Income Account**");

(b) an account designated as a rental collection account (the "**Baywatch Rental Collection Account**");

(c) an account designated as a service charge account (the "**Baywatch Service Charge Account**"),

(d) upon the submission of certain insurance claims, an account designated as an insurance proceeds account (the "**Baywatch Insurance Proceeds Account**");

(e) upon the receipt of any consideration in excess of €10,000 for the surrender or amendment of an occupational lease, an account designated as an extraordinary payment account (the "**Baywatch Extraordinary Payment Account**"); and

(f) in relation to the Baywatch Borrower holding the property located in Braunschweig, an account designated as a reserve account (the "**Baywatch Braunschweig Reserve Account**");

together referred to as the "**Baywatch Borrowers' Accounts**".

In addition, the Baywatch Borrowers may maintain accounts designated as rent deposit accounts (the "**Baywatch Rent Deposit Accounts**") provided that such Baywatch Rent Deposit Accounts may only be used for rent deposits in respect of occupational leases.

The Baywatch Borrowers may not maintain any other account without the prior consent of the Security Agent.

Distributions from the Baywatch Rental Income Accounts and Baywatch Rental Collection Accounts

All amounts representing net rental income, insurance proceeds from loss of rent, VAT refunds and amounts receivable in respect of any hedging document (other than under an Issuer Swap Agreement) shall be paid into the Baywatch Rental Income Account or the Baywatch Rental Collection Account. If, five business days before any Interest Payment Date, there is insufficient moneys standing to the credit of any Baywatch Rental Income Account to meet the payment obligations of the relevant Baywatch Borrower due on such Interest Payment Date, such Baywatch Borrower shall procure that all amounts standing to the credit of the corresponding Baywatch Rental Collection Account are transferred directly into such Baywatch Rental Income Account.

The Security Agent has sole signing rights with respect to the Baywatch Rental Income Accounts and the Baywatch Rental Collections Accounts.

On each Interest Payment Date the Security Agent shall distribute the amounts standing to the credit of the Baywatch Rental Income Account as follows (provided that there is no event of default continuing under the Baywatch Loan Agreement):

(a) *firstly*, in or toward the payment of any unpaid ground rent due under any lease out of which the relevant Baywatch Borrower derives its interest in the relevant Baywatch Property;

(b) *secondly*, in or toward the payment of any unpaid costs and expenses due to any party to the Finance Documents in relation to the Baywatch Whole Loan (each, a "**Baywatch Finance Party**");

(c) *thirdly*, *pro-rata* in or toward the payment of accrued interest and fees due but unpaid under the Finance Documents in relation to the Baywatch Whole Loan and any break costs and hedging payments;

(d) *fourthly*, in or toward the payment of any taxes which are payable by the Baywatch Borrowers in relation to the Baywatch Properties;

(e) *fifthly*, fees due to the Property Managers;

(f) *sixthly*, in or toward the payment of *pro-rata* amounts payable to the relevant counterparty as a result of the termination of any hedge document to the extent due and payable;

(g) *seventhly*, in or toward the payment of all or part of all other obligations of the Baywatch Borrowers (secured pursuant to the Finance Documents in relation to the Baywatch Whole Loan) that are due and payable;

(h) *eighthly*, on each Interest Payment Date prior to the date on which the conditions for transfer of monies standing to the credit of the Baywatch Braunschweig Reserve Account are satisfied, to be

deposited to the credit of to the Baywatch Braunschweig Reserve Account (a) at any time prior to the date falling nine calendar months from the first utilisation date of the Baywatch Tranche A of an amount of €250,000 less any interest reserve balance or (b) thereafter and for so long as a certain specific lease contract is not effective and unconditional and/or the relevant tenant has not paid any rental income, an amount equal to the monies standing to the credit of the Baywatch Rental Income Account after payment of the items listed under (a) to (g) above; and

(i) *ninthly*, in or toward the payment of any surplus remaining, after all of the obligations of the Baywatch Borrowers secured pursuant to the Finance Documents have been paid, into the Baywatch General Account.

While an event of default is outstanding under the Baywatch Whole Loan or in the event of non-payment of the Baywatch Whole Loan at maturity, the Security Agent may use monies standing to the credit of the Baywatch Rental Income Account in payment of principal, interest and any other accrued and unpaid costs under the Finance Documents in relation the Baywatch Whole Loan.

Distributions from the Baywatch Disposal Proceeds Accounts

All net disposal proceeds from the sale of a Baywatch Borrower's interest (in whole or in part) of a Baywatch Property shall be deposited into the Baywatch Disposal Proceeds Accounts. The Security Agent has sole signing rights with respect to the Baywatch Disposal Proceeds Accounts.

On each Interest Payment Date the Security Agent shall distribute the amounts standing to the credit of the Baywatch Disposal Proceeds Account in the following order (provided that there is no event of default continuing under the Baywatch Loan Agreement):

(a) *firstly*, in or toward the payment of any unpaid ground rent due under any lease out of which the relevant Baywatch Borrower derives its interest in the relevant Baywatch Property;

(b) *secondly*, in or toward the payment of any unpaid costs and expenses due to any Baywatch Finance Party;

(c) *thirdly*, in or toward the payment of *pro-rata* accrued interest and fees due but unpaid under the Finance Documents in relation to the Baywatch Whole Loan and any break costs and hedging payments;

(d) *fourthly*, in or toward the payment of any taxes which are payable by the Baywatch Borrowers in relation to the Baywatch Properties;

(e) *fifthly*, in or toward the payment of *pro-rata* the Baywatch Whole Loan, to the extent due and payable, and amounts payable to the counterparty as a result of the termination of any hedge document;

(f) *sixthly*, in or toward the payment of all or part of all other obligations of the Baywatch Borrowers to the Finance Parties under each of the Finance Documents that are due and payable; and

(g) *seventhly*, in or toward the payment of any surplus remaining, after all of the obligations of the Baywatch Borrowers secured pursuant to the Finance Documents have been paid, into the Baywatch General Account.

While an event of default is outstanding under the Baywatch Whole Loan or in the event of non-payment of the Baywatch Whole Loan at maturity, the Security Agent may use monies standing to the credit of the Baywatch Disposal Proceeds Account in payment of principal, interest and any other accrued and unpaid costs under the Finance Documents in relation the Baywatch Whole Loan.

Distributions from the Baywatch Service Charge Accounts

All proceeds from amounts due by a tenant to a Baywatch Borrower under a lease for any property management, operation, repair or similar obligation, in providing any other services to such tenant, any contribution to a sinking fund incurred by a tenant under an occupational lease and any contribution by a tenant to ground rent due under any lease out of which a Baywatch Borrower derives its interest in that property (including, in each case, any amount of VAT) shall be deposited into the Baywatch Service

Charge Accounts. The relevant Baywatch Property Manager shall have sole signing rights with respect to the relevant Baywatch Service Charge Account.

Amounts standing to the credit of a Baywatch Service Charge Account may be withdrawn by the relevant Baywatch Property Manager and applied towards paying or discharging fees, costs and expenses incurred by the relevant Baywatch Borrower in relation to the management of the relevant Baywatch Properties, remedying breaches of covenants of any occupational lease, contributing to sinking funds and paying insurance premiums in respect of the Baywatch Properties (including, in each case, any applicable VAT).

Distributions from the Baywatch Braunschweig Reserve Account.

On any Interest Payment Date, so long as the Baywatch Interest Cover and the Baywatch Loan to Value Test are satisfied and the Baywatch Interest Cover would be satisfied on the Interest Payment Date falling 12 months after such Interest Payment Date, any positive balance standing to the credit of the Baywatch Braunschweig Reserve Account shall be transferred to the Baywatch Braunschweig General Account. If, on any Interest Payment Date, the balance standing to the credit of the Baywatch Rental Income Account is insufficient to meet all obligations of the Baywatch Borrowers that are due and payable on such Interest Date, the Security Agent shall withdraw an amount equal to such shortfall from the Baywatch Braunschweig Reserve Account in order to discharge such obligations.

"**Baywatch Braunschweig General Account**" means the Baywatch General Account in respect of the Baywatch Property located in Braunschweig.

Distributions from the Baywatch Insurance Proceeds Accounts and the Baywatch Extraordinary Payments Accounts

The Security Agent may transfer from the Baywatch Insurance Proceeds Accounts amounts which are necessary to repair a relevant Baywatch Property. The Security Agent shall withdraw from the relevant Baywatch Extraordinary Payments Account such amounts as agreed with the relevant Baywatch Borrower for expenditure on the relevant Baywatch Property or utilisation in accordance with the business plan for the Baywatch Properties.

Distributions from the Baywatch General Accounts

So long as there is no event of default outstanding under the Baywatch Loan Agreement, withdrawals from the Baywatch General Accounts may be made by the Baywatch Borrowers for any purpose.

(iii) The GSI Loan

Loan Information

	Whole Loan	A Note	B Note
Original Loan Balance	€ 37,100,000	€ 37,100,000	-
Cut-Off Date Principal Balance	€ 37,100,000	€ 37,100,000	-
Projected Balance at Maturity [(1)]	€ 37,100,000	€ 37,100,000	-

Undrawn Capex/TI Facility	-
VAT Facility	-

Loan Purpose	Acquisition
Funding Date	1 October 2007
First Interest Payment Date	15 October 2007
Loan Maturity Date	15 April 2014
Remaining Term	6.6 yrs
Extension Option(s)	None
Loan Interest Type	Fixed
Loan Coupon [(2)]	5.0%
Primary Loan Security	1st ranking mortgage
Borrower(s)	Justizzentrum Halle Wichford GmbH & Co. KG, Wichford Halle II Limited, Wichford Halle III Limited, Wichford Halle IV Limited
Borrower Location	Germany
Amortisation	Interest Only
Interest Calculation	Act/360

Property/Tenancy Information

Single asset/Portfolio	Single asset
Property Type	Office
No. of Properties	1
Property Location	Germany
Year Built / Renovated	1997
Tenure	Freehold
Property /Asset Manager	Dr. Ebertz & Partner
Net Lettable Area (sqm)	34,689
Total Gross Rental Income p.a.	€ 3,264,000
Total Net Rental Income p.a.	€ 2,954,897
ERV	€ 3,002,232
Occupancy (as % of Net Lettable Area)	100.0%

Appraised Market Value	€ 53,000,000
Date of Valuation	August 24, 2007
Valuer	Savills
VPV	€ 27,500,000
Number of Unique Commercial Tenants	1
Number of Commercial Leases	1
WAULT to First Break / Expiry [(3)]	12.9 yrs/12.9 yrs
% of Investment Grade Income [(4)]	100.0%

(1) Assumes (a) timely receipt of principal and interest due under the Loans and (b) no loan extensions being exercised.
(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 with the exclusion of all the indefinite leases.
(4) Based on ratings by S&P, Moody's & Fitch. Tenant ratings are based on Senior Unsecured Debt. If the 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.

General.

The GSI Loan was made pursuant to a loan agreement dated 19 February 2007 between, inter alios, Lehman Brothers Europe Limited (in its capacity as "**GSI Arranger**"), Lehman Brothers International (Europe) (in its capacity as "**Security Agent**" and in its capacity as "**GSI Facility Agent**" (together with the Security Agent and the GSI Arranger, the "**GSI Administrative Parties**")), Lehman Brothers Bankhaus AG, London Branch (in its capacity as "**GSI Lender**" (together with the GSI Administrative Parties, the "**GSI Finance Parties**")) and Justizzentrum in Halle Wichford GmbH & Co. KG (formerly known as Justizzentrum in Halle Dr Ebertz KG) (the "**Original GSI Borrower**") (the "**GSI Loan Agreement**"). The GSI Loan Agreement is governed by English law.

The GSI Loan Agreement has been amended and restated by a supplemental agreement on 28 September 2007 (the "**Supplemental Agreement**").

Under the GSI Loan Agreement, the GSI Lender has granted to the Original GSI Borrower a term loan facility for the refinancing of the acquisition of the GSI Property (the "**Original GSI Loan**"). Under the Supplemental Agreement, the original term loan facility has been increased and loans (the "**Additional GSI Loan**") have been granted to Whichford Halle IV plc., Wichford Halle III and Whichford Halle II (the "**Additional GSI Borrowers**" and, together with the Original GSI Borrower, the "**GSI Borrowers**") to refinance the GSI Shareholder Loans.

Transfer of Additional GSI Loan

The obligations of the Additional GSI Borrowers under the Additional GSI Loan have been assumed by the Original GSI Borrower in consideration for upstream loans.

The GSI Shareholder Loans and the acquisition of the GSI Limited Partnership Interest and the GSI General Partner Interest.

Prior to the granting of the Original GSI Loan and the Additional GSI Loan, Wichford Europe Ltd. (the "**GSI Parent**") granted to the Additional GSI Borrowers shareholder loans (the "**GSI Shareholder Loans**" for the acquisition of limited partnership interests in the Original GSI Borrower (the "**GSI Limited Partnership Interest**") and the interests in the GSI General Partner (the "**GSI General Partnership Interest**").

After the GSI Shareholder Loans were granted to the Additional GSI Borrowers, the Additional GSI Borrowers acquired 83.62 per cent. of the GSI Limited Partnership Interests and Wichford Halle IV Ltd. acquired 100 per cent. of the GSI General Partnership Interest. After such acquisition, the Individual GSI General Partners interest in the Original GSI Borrower was transformed (*umgewandelt*) by a resolution of the shareholders (*Gesellschafterbeschluss*) of the Original GSI Borrower into a limited partnership interest in the Original GSI Borrower, which may also be acquired under the First Put Option (*as defined below*).

Pursuant to a put option (the "**First Put Option**") for the benefit of the remaining limited partners of the Original GSI Borrower (all of which are private individuals), a further 10.6 per cent. of the GSI Limited Partnership Interest may be acquired by the Additional GSI Borrowers in December 2007, so that the Additional GSI Borrowers would hold 93.86 per cent. of the GSI Limited Partnership Interest. The remaining 6.14 per cent. of the limited partnership interests may be acquired 5 years after the execution of the Supplemental Agreement by Wichford Hall Ltd. pursuant to a further put option (the "**Second Put Option**").

To meet the payment obligations in respect of the First Put Option, an amount of EUR 2,401,366.30 was deposited in the GSI Deposit Account.

To meet the payment obligations in respect of the Second Put Option, the Original GSI Borrower is required to ensure that the GSI Net Group Cash Available is twice the amount needed to make this payment and the Villa Payment (see below "*The Villa*") or to ensure that a letter of credit is made available.

The Villa

The GSI Borrower may be obliged to make a payment (the "**Villa Payment**") to the vendor in respect to the villa (the "**Villa**") if the vendor of the GSI Property refurbishes and lets the Villa to a tenant that meets certain conditions. The Villa Payment shall be 16.524 times the gross annual rent paid by the tenant.

The Original GSI Borrower.

The Original GSI Borrower is a limited partnership (*Kommanditgesellschaft*) registered in Germany. The general partner of the Original GSI Borrower is Justizzentrum in Halle Wichford Verwaltungsgesellschaft mbH (the "**GSI General Partner**") which is wholly owned by Whichford Halle IV plc. The Additional GSI Borrowers are limited partners of the Original GSI Borrower (the "**Current GSI Limited Partners**"). If the Second Put Option is exercised by the remaining limited partners, Wichford Halle Ltd. would also become a limited partner of the Original GSI Borrower (the "**Future GSI Limited Partner**" and, together with the Current GSI Limited Partner, the "**GSI Limited Partners**"). The GSI Limited Partners are owned by the GSI Parent. The GSI Parent is owned by Wichford plc.

The GSI Property.

The GSI Loan is secured by one office property located in Germany, details of which are set out in the table below (the "**GSI Property**"). The GSI Property has been rented to a single tenant which is the Federal State of Saxony-Anhalt (the "**GSI Principal Tenant**"). The GSI Property also comprises the Villa which is currently unlet.

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)]
D-06096 Halle, Merseberger Starsse 61-65`	Office	FREEHOLD	53,000,000	2,954,897	34,689	Federal State of Sachsen-Anhalt	12.9 / 12.9
Total			**53,000,000**	**2,954,897**	**34,689**		**12.9 / 12.9**

(1) Based on Valuations. See "*Valuations*" above.

(2) Earlier of (i) the earliest date on which the related tenant is permitted to break the lease and (ii) the lease expiration with the exclusion of all the indefinite leases.

The GSI Loan is secured by a certificated land charge (*Briefgrundschuld*) over the GSI Property (the "**GSI Land Charge**"). Originally, the GSI Land Charge was granted in favour of Deutsche Bank AG,

London Branch. Pursuant to a notarised mortgage assignment declaration Deutsche Bank AG, London Branch, has assigned the GSI Land Charge and all rights relating thereto to the GSI Security Agent.

In addition, the Original GSI Borrower has pledged or assigned in favour of the GSI Security Agent all rental income, leases, insurance policies and claims arising from any property development agreement, any property management agreement and from the property purchase agreement under which the Original GSI Borrower has acquired the GSI Property (the "**GSI Assignment Agreements**").

Prior to the granting of the Additional GSI Loan, the Original GSI Borrower had granted first ranking pledges (*erstrangige Pfandrechte*) and after the Additional GSI Loan was granted, the Original GSI Borrower granted second ranking pledges (*zweittrangige Pfandrechte*) over each GSI Borrower Account listed below (see "*The GSI Borrower's Accounts*" below). Each pledge was granted in favour of the GSI Security Agent.

Prior to the granting of the Additional GSI Loan, the GSI General Partner and the Individual GSI General Partner had granted first ranking pledges (*erstrangige Pfandrechte*) over their (existing and future) interests in the Original GSI Borrower. Furthermore, the Original GSI Borrower as former holder of all shares in the GSI General Partner also granted a first ranking pledge (*erstrangige Pfandrecht*) over its (existing and future) interest in the GSI General Partner. Each pledge was granted in favour of the GSI Security Agent.

After the Additional GSI Loan was granted to the Additional GSI Borrowers, the GSI General Partner granted a second ranking pledge (*zweitrangiges Pfandrecht*) over its (existing and future) interest in the Original GSI Borrower and Wichford Halle IV Ltd. as parent of the GSI General Partner granted also a second ranking pledge (*zweitrangiges Pfandrecht*) over its interest in the GSI General Partner. Each pledge was granted in favour of the GSI Security Agent.

In addition, the Current GSI Limited Partners and the Future GSI Limited Partner have each granted first ranking pledges (*erstrangige Pfandrechte*) over their (existing and future) interests in the Original GSI Borrower pursuant to a German law pledge agreement and the GSI Security Agent released (*aufgeben*) the pledge granted by the Individual GSI General Partner over its general partnership interest in the Original GSI Borrower.

The Original GSI Borrower is prohibited from granting any security over its assets, or incurring any debt or carrying on any activities, other than in certain limited circumstances.

"**Individual GSI General Partner**" means Dr. Herbert Ebertz of Aachener Strasse 1053-1055, 50858 Köln-Junkersdorf, Germany in his capacity as general partner of the Original GSI Borrower prior to the Permitted Corporate Acquisition.

"**Permitted Corporate Acquisition**" means the acquisition by the Additional GSI Borrowers and Wichford Halle Ltd. of the shares in the GSI General Partner and of the GSI Limited Partnership Interest.

Insurance under the GSI Loan Agreement.

The Original GSI Borrower is required to maintain insurance with a substantial and reputable insurance office or with underwriters having the requisite rating in respect of the GSI Property, and plant and machinery thereon including fixtures and improvements on a full reinstatement basis including extended building coverage, site clearance, professional fees, VAT and subsidence. The insurance must cover such insurances as a prudent company in the same business as the Original GSI Borrower would effect, including terrorism. The Original GSI Borrower shall also maintain insurance for three years' loss of rent. Any such insurance policies shall be in the names of the Original GSI Borrower and the GSI Security Agent as co-insured.

Property Management.

The GSI Property is managed by E&P Fondsbeteiligungen GmbH (the "**GSI Property Manager**.") The GSI Property Manager has been appointed by the Original GSI Borrower pursuant to a management agreement (the "**GSI Property Management Agreement**"). The GSI Property is also managed by Wichford Property Management Limited (the "**GSI Property Adviser**") The GSI Property Adviser has been appointed by Wichford plc under a management agreement (the "**GSI Property Adviser Agreement**"). The GSI Property Management Agreement shall be in a form satisfactory to the GSI

Security Agent and may not be terminated or amended by the Original GSI Borrower without the consent of the GSI Facility Agent. If the GSI Property Manager breaches an obligation under a GSI Property Management Agreement and, if such breach has not been remedied within a certain period, the GSI Facility Agent may require the Original GSI Borrower to appoint a new property manager. The GSI Property Manager, the Original GSI Borrower and the GSI Security Agent have entered into duty of care agreements (the "**GSI Duty of Care Agreements**") which set out the duty of care standard under which the GSI Property Manager must operate in respect of the GSI Property Management Agreement.

Repayment.

The GSI Loan does not provide for amortisation and shall be repaid in full (including all other amounts outstanding) on 15 April 2014.

Prepayment.

The GSI Loan provides for voluntary and mandatory prepayment. Any voluntary prepayment made shall be made in an amount equal to the outstanding balance of the loan or, if in part, in a minimum amount of €1,000,000 and shall include break costs and accrued interest up to the next Interest Payment Date.

Mandatory prepayments shall be made upon any disposal of the GSI Property. Any disposal may only be made with the consent of both the GSI Security Agent and the GSI Facility Agent and only if (i) the amount of net disposal proceeds are sufficient to prepay the GSI Loan together with all accrued interest and any prepayment fees, (ii) the disposal is at arm's length and not at an undervalue and (iii) there is no event of default outstanding. A mandatory prepayment shall also be made if it becomes unlawful in any applicable jurisdiction for a GSI Lender to perform any of its obligations as contemplated under the GSI Loan Agreement or to fund or maintain its participation in the GSI Loan.

Financial covenants.

Pursuant to the GSI Loan Agreement the Original GSI Borrower shall ensure that the GSI Interest Cover Test is met on each Interest Payment Date. Furthermore, the Original GSI Borrower shall ensure that the GSI Net Group Cash Available is at all times greater than (unless a letter of credit is obtained, as described below) two times the sum of:

(a) the amount needed to make the payment in relation to the Second Put Option; and

(b) the Villa Payment.

Financial Ratios

Financial Ratios

	A-Note		**Whole Loan**	
	Cut-off	**Maturity**	**Cut-off**	**Maturity**
ICR [(2)]	1.54x	1.58x	1.54x	1.57x
DSCR [(2)]	1.54x	1.58x	1.54x	1.57x
LTV [(1)(2)]	70.0%	70.0%	70.0%	70.0%

(1) Based on Valuations. See "*The Loans - Origination of Loans - Valuations*".
(2) Assumes that the Loan is fully drawn.

If the GSI Interest Cover Test is in breach (i) on two or more consecutive Interest Payment Dates or (ii) on four Interest Payment Dates in total, an event of default shall have occurred and the Security Agent may accelerate the GSI Loan.

"**GSI Interest Cover Test**" means that on each Interest Payment Date the GSI Projected Annual Rental is not less than 140 per cent. of the GSI Projected Annual Finance Costs (the "**GSI Interest Cover**").

"**GSI Projected Annual Finance Costs**" means an estimate by the Original GSI Borrower, approved by the GSI Facility Agent, of the aggregate interest (taking into account the protected rate under any hedging arrangement) and fees (including the agency but excluding the arrangement fee) payable to the GSI Finance Parties pursuant to the GSI Finance Documents during the period in respect of which the GSI Projected Annual Rental is estimated.

"**GSI Projected Annual Rental**" means an estimate by the Original GSI Borrower, approved by the GSI Facility Agent, as at any date, of the aggregate of the net rental income (excluding turnover rents) that will be received in relation to the GSI Property during the year commencing on such date (if such date is an Interest Payment Date) or the next Interest Payment Date (if such date is not an Interest Payment Date).

"**Group**" means Wichford Plc. and its subsidiaries.

"**Net Group Cash Available** " means the net cash available for the Group as shown in the Net Group Cash Accounts.

"**Net Group Cash Accounts** " means the net cash accounts of the Group for each financial period on a projected annual basis:

(a) adjusted to take into account any planned or upcoming asset sales or acquisitions by any member of the Group;

(b) ignoring any one-off costs of the Group which the GSI Facility Agent (acting reasonably) is satisfied:

(i) will not be incurred by the Group on an on-going basis; and

(ii) will not affect the solvency of the Group,

to be provided quarterly to the GSI Facility Agent including any reasonable supplementary information requested by the GSI Facility Agent within fifteen business days of receipt of the above adjusted accounts.

Partial Payments

If the GSI Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by any GSI Borrower under the GSI Finance Documents, the GSI Facility Agent shall apply such payment towards the obligations of the GSI Borrowers under the Finance Documents in the following order:

(a) *firstly*, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the GSI Administrative Parties due and payable but unpaid under the GSI Finance Documents;

(b) *secondly*, in or towards payment *pro rata* of any fee, costs, expenses or commission due and payable but unpaid under the GSI Finance Documents;

(c) *thirdly*, any unpaid sum due and payable to any GSI Finance Party, or any hedge counterparty approved by the GSI Lender, in each case under any hedge arrangement entered into pursuant to the GSI Finance Documents (other than any Issuer Swap Agreement);

(d) *fourthly*, in or towards payment to the GSI Facility Agent for the GSI Lenders of any accrued interest due and payable but unpaid under the GSI Finance Documents;

(e) *fifthly*, in or towards payment *pro rata* of any principal due and payable but unpaid under GSI Loan Agreement; and

(f) *sixthly*, in or towards payment *pro rata* of any other sum due and payable but unpaid under the GSI Finance Documents.

The GSI Borrower's Accounts.

The Original GSI Borrower shall open the following accounts:

(a) an account designated as a rent account (the "**GSI Rent Account**");

(b) a current account designated as a general account (the "**GSI General Account**"); and

(c) an account designated as a deposit account (the "**GSI Deposit Account**") which shall be subdivided into:

(i) a ledger designated as a holdback ledger (the "**GSI Holdback Amount Ledger**");

(ii) a ledger designated as a disposal ledger (the "**GSI Disposal Ledger**");

(iii) a ledger designated as an insurance ledger (the "**GSI Insurance Ledger**"); and

(iv) a ledger designated as an interest cover ratio ledger (the "**GSI ICR Ledger**").

together referred to as the "**GSI Borrower Accounts**".

The Original GSI Borrower may not maintain any other account without the prior consent of the GSI Facility Agent.

Distributions from the GSI Rent Account.

All amounts representing net rental income and amounts payable in respect of any hedging document (other than under an Issuer Swap Agreement) shall be paid into the GSI Rent Account.

The Original GSI Borrower shall grant a power of attorney to the GSI Security Agent authorising it to exercise the Original GSI Borrower's rights in relation to the GSI Rent Account. The Original GSI Borrower may only withdraw, transfer or dispose of any funds standing to the credit of the GSI Rent Account with the prior written consent of the GSI Security Agent. The GSI Facility Agent may authorise withdrawals at any time from the GSI Rent Account to pay any amount due but unpaid under the GSI Finance Documents and to enable the Original GSI Borrower to meet its obligations in respect of the GSI Deposit Account.

Except as provided in section "*Partial Payments*" above, the GSI Security Agent shall distribute the amounts standing to the credit of the GSI Rent Account as follows on each Interest Payment Date (provided that there is no event of default continuing under the GSI Loan Agreement) (the "**GSI Rent Account Priority of Payments**"):

(a) *first*, in or toward payment of any unpaid ground rent due and payable under any lease out of which the Original GSI Borrower derives its interest in the GSI Property;

(b) *secondly*, in or toward payment of any costs and expenses of the GSI Administrative Parties due and payable from the GSI Borrowers but unpaid under the finance documents relating to the GSI Loan (the "**GSI Finance Documents**");

(c) *thirdly*, in or toward payment of any fees, costs and expenses of the GSI Lender or any hedge counterparty approved by the GSI Lender due and payable by the GSI Borrowers to the GSI Facility Agent but unpaid under the GSI Finance Documents (other than any Issuer Swap Agreement);

(d) *fourthly*, in or toward payment of any unpaid sum due and payable to any GSI Finance Party or any hedge counterparty approved by the GSI Lender, in each case under any hedge entered into pursuant to the GSI Finance Documents (other than any Issuer Swap Agreement);

(e) *fifthly*, in or toward payment of any accrued interest due and payable but unpaid under the GSI Finance Documents;

(f) *sixthly*, if, on such Interest Payment Date, a GSI Cash Sweep Event has occurred and is continuing, in or toward payment of any surplus to the GSI Deposit Account; and

(g) *seventhly*, in payment of any remaining surplus into the GSI General Account.

While an event of default is outstanding under the GSI Loan or in the event of non-payment of the GSI Loan at maturity, the GSI Security Agent may use monies standing to the credit of the GSI Rental Income Account in payment of principal, interest and any other accrued and unpaid costs under the GSI Finance Documents.

"**GSI Cash Sweep Event**" means the occurrence of one of the following:

(a) the GSI Interest Cover is less than 140%;

(b)

(i) the GSI General Partner or any person having a security interest over the GSI General Partner's partnership interest in the Original GSI Borrower; or

(ii) any one or more GSI Limited Partners whose partnership interests in the Original GSI Borrower amount to 1% or more but less than 10% of the aggregate capital of the Original GSI Borrower or any person having a security interest over such GSI Limited Partner's partnership interest in the Original GSI Borrower,

notifies the Original GSI Borrower of the cancellation or termination of its partnership interest in the Original GSI Borrower other than as a result of a permitted corporate acquisition; or

(c) the GSI Principal Tenant serves notice to terminate its lease or otherwise becomes entitled to terminate its lease.

Distributions from the GSI Deposit Account.

The Original GSI Borrower shall grant a power of attorney to the GSI Security Agent authorising it to exercise the Original GSI Borrower's rights in relation to the GSI Deposit Account. The Original GSI Borrower may only withdraw, transfer or dispose of any funds standing to the credit of the GSI Deposit Account with the prior written consent of the GSI Security Agent.

On any Interest Payment Date on which an event of default is occurring, the GSI Facility Agent shall, at the request of the Original GSI Borrower, instruct the GSI Security Agent to withdraw any amount (subject to a minimum of €1,000,000) from the GSI Deposit Account, excluding any amount credited to the GSI ICR Ledger and the GSI Holdback Amount, for application toward voluntary prepayment of the GSI Loans.

If, at any time, a GSI Cash Sweep Event (other than a GSI Interest Cover Event) occurs and is subsequently remedied, the GSI Facility Agent shall upon written request by the Original GSI Borrower, instruct the GSI Security Agent to transfer to the GSI General Account an amount equal to the sum of all amounts previously credited to the GSI Deposit Account pursuant to item (f) of the GSI Rent Account Priority of Payments minus any such amounts which have already been applied towards interest cover.

The GSI Holdback Amount Ledger

An amount of €250,000 (the "**GSI Holdback Amount**") has been deposited into and credited to the GSI Holdback Amount Ledger in respect of the risk that the Original GSI Borrower may be required to comply with requirements specified by the City of Halle pursuant to any statutory redevelopment, preservation or other regulations affecting or applicable to the GSI Property.

Amounts standing to the credit of the GSI Holdback Amount Ledger shall only be released in compliance with requirements specified by the City of Halle pursuant to any statutory redevelopment, preservation or other regulations due to applicable to the GSI Property. If there is a written confirmation that such works are not required, the GSI Holdback Amount may be transferred to the GSI Deposit Account.

The GSI Disposal Ledger

All net disposal proceeds from any disposal of the Original GSI Borrower's interest in the GSI Property shall be deposited into the GSI Deposit Account and credited to the GSI Disposal Ledger.

The GSI Insurance Ledger

All moneys received or receivable under any insurance policy in respect of the GSI Property (excluding any proceeds from loss of rent insurance) shall be deposited into the GSI Deposit Account and credited to the GSI Insurance Ledger.

The GSI ICR Ledger

All net rental income received when the GSI Interest Cover is less than 140% (the "**GSI Interest Cover Event**") shall be deposited into and the GSI Deposit Account credited to the GSI ICR Ledger. If a GSI Cash Sweep Event occurs and an the GSI Interest Cover is below 140%, all funds credited to the GSI Deposit Account due to such GSI Cash Sweep Event pursuant to item (f) of the GSI Rent Account Priority of Payments shall be credited to the GSI ICR Ledger.

If, at any time following the occurrence of a GSI Interest Cover Event, (i) no event of default is outstanding, (ii) the GSI Interest Cover has not been less than 140% as at the previous two Interest Payment Dates, and (iii) no other GSI Cash Sweep Event has occurred, the GSI Facility Agent shall upon written request by the Original GSI Borrower, instruct the GSI Security Agent to transfer to the GSI General Account an amount equal to the sum of all amounts previously credited to the GSI ICR Ledger pursuant to item (f) of the GSI Rent Account Priority of Payments minus any such amounts which have already been applied towards Debt Service.

On any Interest Payment Date the GSI Facility Agent may instruct the GSI Security Agent to transfer into the GSI Rent Account any amounts needed, after the application of amounts standing to the credit of the GSI Deposit Account, to satisfy the payment obligations as set out in the GSI Rent Account Priority of Payments. Such amounts shall be debited from the GSI ICR Ledger.

"**Debt Service**" means the undertaking of the Original GSI Borrower to deposit, or procure the deposit, into the GSI Deposit Account an amount to ensure that the GSI Interest Cover is at least 140 per cent. in the case of such GSI Interest Cover in respect of the GSI Property and all GSI Loans an any test date is less than 140 per cent. Such amounts deposited must at the option of the Original GSI Borrower (i) be credited to the GSI ICR Ledger or, (ii) be applied in prepayment of the GSI Loans an the next following Interest Payment Date after paying all amounts then due an payable under items (a) to (d) of the GSI Rent Account Priority of Payments.

Distributions from the GSI General Account.

So long as there is no event of default outstanding under the GSI Loan Agreement, the Original GSI Borrower shall have sole signing rights with respect to the GSI General Account.

So long as there is no default outstanding under the GSI Loan Agreement, withdrawals from the GSI General Account may be made by the Original GSI Borrower for any purpose.

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 register (*elenco generale*) held by *Ufficio Italiano dei Cambi*, pursuant to article 106 of Italian legislative decree No.385 of 1 September, 1993 (the "**Banking Act**") under No. **37773** and with the register of financial intermediaries held by the Bank of Italy pursuant to Article 107 of the Banking Act and its tax identification number (*codice fiscale*) is 08830931005. 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 quota capital of the Issuer is €10,000. The issued and paid-up quota capital of the Italian Issuer is €10,000. The sole quotaholder of the Italian Issuer is Stichting Project 71 (the "**Italian Issuer Parent**").

Since the date of its incorporation, other than the purchase of the Italian Receivables and the entering into of the Italian Transaction Documents, the only business of the Italian Issuer has been the securitisation of commercial mortgage backed loans and the related issue of €131,232,700 commercial mortgage backed securities on 3 August 2007.

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. was appointed as the Italian Master Servicer and the Italian Special Servicer under the Italian Servicing Agreement and the Italian Master Servicer and the Italian Special Servicer have agreed to undertake the servicing of the Italian Loan.

General provisions applicable to the Italian Notes

The Italian Notes were issued on or about the Italian Issue Date in principal amount of €314,760,364. The Italian Notes are 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.

The Issuer will purchase all of the Italian Notes from the Initial Italian Notes Purchaser on the Closing Date in accordance with the Master Sale Agreement and will accede to the Italian Subscription Agreement. By purchasing 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 a remuneration 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, the Italian Special Servicer, any Italian Delegate Servicer, the Italian Corporate Services Provider, the Representative of the Italian Noteholders, the Italian Paying Agent, the Italian Issuer Parent, the Italian 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 are 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 a remuneration 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 Notes 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 or about the Italian Issue Date less any amounts of principal paid 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 Italian Cash Manager will, five Business Days prior to each Italian Payment Date or on any other day on which the Italian Issuer is obliged to make a payment in accordance with the relevant 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

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 the holder of all of the Italian Notes will pay the Italian Issuer Fees on any such Payment Date or, if financed by way of a Loan Protection Drawing, on the relevant Business Day. Any amount due in

respect of the Italian Issuer Fee by the holder of the Italian Notes 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 holder 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 Notes 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 the Italian Issue Date, the Italian Issuer executed a deed of pledge (the "**Italian Issuer Deed of Pledge**") pursuant to which the Italian Issuer created 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 certain 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 the Italian Issue Date the Italian Issuer executed 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 granted in favour of the Representative of the Italian Noteholders for itself and as trustee for the benefit of the Italian Noteholders and the other Italian Issuer Secured Creditors, *inter alia*:

(a) an English law assignment by way of first fixed security of all of the Italian Issuer's rights under the Italian Servicing Agreement and the Italian 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 executed 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 about 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 Paying Agent provides certain agency services to the Italian Issuer 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 Sale Agreement

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

(a) LBF will acquire the Harbour Loan, the Sisu Loan, the Baywatch Loan, the QueenMary Loan and the Odin Loan on the Closing Date;

(b) the Issuer will in turn acquire the Harbour Loan, the Sisu Loan, the Baywatch Loan and the QueenMary Loan and the Odin Loan from LBF in consideration of the payment of €487,889,142 (the "**LBF Initial Purchase Price**") by the Issuer to LBF on the Closing Date;

(c) the Issuer will acquire the Haussmann Loan and the GSI Loan from Bankhaus London in consideration of the payment of €302,866,667 (the "**Bankhaus London Initial Purchase Price**") by the Issuer to Bankhaus London on the Closing Date. In particular, the transfer of the Haussmann Loan contemplated by the Master Sale Agreement will be effected in France on the Closing Date by an assignment of the receivables arising under the Haussmann 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 Haussmann 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. In addition, Bankhaus London shall endorse: a *copie exécutoire à ordre* with respect to the Haussmann Loan in favour of the Issuer before a French notary on the Closing Date, which effect shall be to transfer to the Issuer the right to enforce the *privilège de prêteur de deniers* and the *hypothèque*; and

(d) in consideration for the Issuer's purchase of the Italian Notes and the LCPI/LBF Loans, LBF may be required, pursuant to the terms of the Master Sale Agreement, on each Payment Date beginning on April 2009, to reimburse to the Issuer an amount equal to the Consideration Reimbursement Amount on such date; and

(e) 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 Harbour Loan, the Sisu Loan, the Baywatch Loan, the QueenMary Loan and the Odin Loan; and

  (ii) to Bankhaus London, in an amount equal to any Prepayment Fees and/or Extension Fees received in respect of the Haussmann Loan and the GSI Loan,

  and, in addition, pursuant to the terms of the Master 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 with the Additional Deferred Consideration payable pursuant to the Terms and Conditions, 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 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 Haussmann Borrower and each other relevant security provider under the French Loan.

Consideration Reimbursement Amount

Beginning from (and including) the Payment Date falling in April 2009, LBF may be required to reimburse to the Issuer, on each subsequent Payment Date until the Payment Date falling in April 2014, an amount equal to the Consideration Reimbursement Amount on such Payment Date. Each Consideration Reimbursement Amount shall form part of the Available Interest Collections and shall be used by the Issuer on each Payment Date to pay interest due and payable on the Notes.

"**Consideration Reimbursement Amount**" shall mean, in respect of the relevant Payment Date, the sum of each then Loan Consideration Reimbursement Amount in respect of the Haussmann Loan, the GSI Loan and the Italian Notes minus the Consideration Reimbursement Reduction Amount in respect of such Interest Period.

"**Loan Consideration Reimbursement Amount**" shall mean, in respect of the Haussmann Loan, the GSI Loan or the Italian Notes, as applicable, the amount equal to the Loan Consideration Reimbursement Amount set out in the schedule below. In the event that an unscheduled prepayment in respect of the Haussmann Loan, the GSI Loan or the Italian Notes, as applicable, occurs, the relevant Loan Consideration Reimbursement Amount (including all Loan Consideration Reimbursement Amounts in respect of any future Payment Dates) shall be recalculated and reduced by a *pro rata* amount of the unscheduled prepayment in respect of the Haussmann Loan, the GSI Loan or the Italian Notes, as applicable.

Payment Date	**Consideration Reimbursement Amount**[(1)(2)]	**Haussmann Loan Consideration Reimbursement Amount** [(2)]	**GSI Loan Consideration Reimbursement Amount** [(2)]	**Italian Notes Loan Consideration Reimbursement Amount** [(2)]
April 2009	25,890	11,016	1,562	13,312
July 2009	66,887	31,705	4,511	30,670
October 2009	133,193	63,029	8,997	61,167
January 2010	142,460	67,299	9,638	65,523
April 2010	149,832	70,661	10,152	69,019
July 2010	195,828	92,258	13,281	90,290
October 2010	263,951	124,223	17,917	121,811
January 2011	287,419	135,128	19,528	132,763
April 2011	298,770	140,319	20,318	138,133
July 2011	325,141	152,545	22,132	150,464
October 2011	328,609	154,011	22,388	152,210
January 2012	328,610	153,850	22,409	152,351
April 2012	325,145	152,068	22,193	150,884
July 2012	325,146	151,908	22,214	151,024
October 2012	328,614	153,367	22,472	152,776
January 2013	328,615	153,205	22,492	152,918
April 2013	321,685	149,814	22,039	149,832
July 2013	325,151	151,267	22,297	151,587

October 2013	322,692	149,963	22,149	150,581
January 2014	322,693	149,803	22,169	150,721
April 2014	70,669	-	70,669	-

(1) As at the Closing Date and prior to any recalculation due to any unscheduled prepayments in respect of any Recalculation Loan.
(2) As at the Closing Date and prior to any recalculation due to any unscheduled prepayment of the Haussmann Loan, the GSI Loan or the Italian Notes, as applicable.

"**Consideration Reimbursement Reduction Amount**" means, on any Determination Date, the amount equal to the product of (i)(a) the aggregate amount of any unscheduled prepayments in respect of any Recalculation Loan which, as at such Determination Date, has been prepaid in full prior to its scheduled maturity date, divided by (b) 1,111,835,000, and (ii) the Consideration Reimbursement Amount (prior to its reduction by the Consideration Reimbursement Reduction Amount) in respect of such Payment Date.

"**Recalculation Loan**" shall mean any of the Sisu Loan, Baywatch Loan, the QueenMary Loan, the Harbour Loan and the Odin Loan, and all of them the "**Recalculation Loans**".

The Italian Receivables Purchase Agreement

On the Italian Issue Date the Italian Issuer and Bankhaus Milan (among others) entered into an Italian law receivables purchase agreement (the "**Italian Receivables Purchase Agreement**") pursuant to which Bankhaus Milan sold and the Italian Issuer purchased the receivables arising under the Fortezza II Loan from Bankhaus Milan together with the security granted in respect of the Fortezza II Loan in consideration for the payment by the Italian Issuer to Bankhaus Milan of:

(a) on or about the Italian Issue Date, €314,760,364 (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 II Loan (the "**Italian Deferred Consideration**").

Calculation of Deferred Consideration and Italian Deferred Consideration

Pursuant to the terms of the Master Sale Agreement and the Italian Receivables Purchase Agreement, the amount of: (i) Deferred Consideration payable to LBF or, as applicable, Bankhaus London (or any other person or persons otherwise entitled thereto); and (ii) Italian Deferred Consideration payable to Bankhaus Milan (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 received in respect of the Loans during such Collection Period. The Deferred Consideration and the Italian Deferred Consideration will, pursuant to the terms of the Master Sale Agreement and the Italian Receivables Purchase Agreement be 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 or, as applicable, the Italian Issuer, 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 Closing Date, as applicable and (iii) in the case of the Capex Advances or the Odin Additional Advances, on the date thereof and at any time on which a Capex Advance or Odin Additional Advance is purchased by the Issuer and are not repeated at any time thereafter. The Issuer and the Italian Issuer bear the risk of any representation or warranty becoming untrue after the dates on which they are made or repeated. The Issuer 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 Italian Loan (save as disclosed by LCPI, LBF, Bankhaus London and Bankhaus Milan, as applicable, to the Issuer 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 (except as otherwise disclosed in this Prospectus) (in relation to the German Properties first ranking only in section III (*Abteilung 3*) of the land register) and except for the VAT Facility in relation to the Fortezza II Loan) ("**Encumbrances**") and each Loan may be validly assigned;

(c) subject only to registration at the relevant land registry (and except for the Fortezza II Loan and the Haussmann Loan), 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 mortgage 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 Italian Issuer and/or, as applicable, the Note Trustee and the assignment to the Issuer 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 Haussmann Loan Agreement, the Odin Loan Agreement or the Baywatch Loan Agreement);

(g) subject to registration at the relevant land registry, each Borrower (or, in respect of the Harbour Property, in the name of the Harbour PropCo that has been merged into the Harbour Borrower) has registered title to the relevant Properties or a valid long lease or hereditary building right 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 mortgages over the German Properties, certain Finnish Properties, the Italian Properties and the French Property are legal, valid and binding first ranking mortgages in relation to the German Properties first ranking only in Section III (*Abteilung 3*) of the land register (and, in the case of the French Property, first ranking lender's lien and second ranking mortgage) over the relevant Property, free and clear of all encumbrances having priority over or on a parity with the first ranking mortgage or lender's lien, as applicable (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; or

(b) Bankhaus Milan to the Italian Issuer

are untrue as at the Closing Date (or, in the case of Bankhaus Milan, as at the date of the Italian Receivables Purchase Agreement or 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, 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 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 Security Agents and the then B Piece Lenders. In addition, the servicing and administrations of the Italian Loan and related Security is governed pursuant to the terms of a servicing agreement dated as of the Italian Issuer Date (the "**Italian Servicing Agreement**" and, together with the Servicing Agreement, the "**Servicing Agreements**") between the Italian Master Servicer, the Italian Special Servicer, any Italian Delegate Servicer, the Representative of the Italian Noteholders and the Italian Issuer.

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 and the Italian Servicing Agreement, the relevant Master Servicer and the relevant Special Servicer 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 or the Italian Servicing Agreement;

(c) the express terms of any applicable Intercreditor Agreement;

(d) the express terms of the Loans Agreements; 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, 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, the Italian Servicing Agreement and the relevant intercreditor agreements and in furtherance thereof, in accordance with the higher of:

(a) 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 administer similar commercial mortgage loans for other third-part 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 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 suffers 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 (or the Italian Issue Date, in relation to the Fortezza II loan) and in accordance with and pursuant to the terms of the Servicing Agreement and the Italian 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 4 (*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 in certain circumstances to accede to the Servicing Agreement. Under the Italian Servicing Agreement, 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 under the Servicing Agreement 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 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 or the Italian Servicing Agreement (as applicable) 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 or the Italian Servicing Agreement (as applicable) 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 or the Italian Servicing Agreement (as applicable), 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 or the Italian Servicing Agreement (as applicable).

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; for the avoidance of doubt, in relation to the Italian Loan, the Italian Servicer will seek the advice of the Representative of the Noteholders, which in turn shall seek the instructions of the holders of the Italian Notes):

(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 Issuer, 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), then in accordance with the terms of the Servicing Agreement or the Italian Servicing Agreement (as applicable), 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 Haussmann 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; or (b) 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 and which may be paid to the Italian Issuer on any Business Day) (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 Haussmann Borrower to the Security Agent), be repaid (as the case may be) by (i) with respect to the Italian Loan, the Italian Issuer (or the Italian 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 (ii) with respect to all the Loans other than the Italian Loan, 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 Danske Bank A/S (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 Italian Issuer and, as applicable, the relevant B Piece Lenders will be responsible for paying (*pro rata* according to their respective principal amounts outstanding) 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 or Whole Loan as applicable 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 or Whole Loan as applicable 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 or Whole Loan as applicable 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 or Whole Loan as applicable 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) 0.025 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 Haussmann Loan and the Fortezza II Loan) and, for the Haussmann Loan and the Fortezza II Loan, will accrue at a rate of 0.4 per cent. of principal and interest payments made in respect of such Corrected Loan (plus VAT, if any) for so long as it remains a corrected Loan 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 or, in respect of the Haussmann Loan and the Fortezza II Loan 0.4 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 the Haussmann Loan and the Fortezza II Loan and, for the Haussmann Loan and the Fortezza II 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 or the Italian Servicing Agreement (as applicable) 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 or the Italian Servicing Agreement (as applicable), 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.

Where the Loan is not part of a Whole Loan, the Issuer 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 or the relevant Italian Priority of Payments, as the case may be. These payments rank in priority (either directly or indirectly) to payments to Noteholders or Italian Noteholders (as the case may be), 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, whereas 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 Loan.

In relation to 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 or the Italian Servicing Agreement (as applicable) and as outlined above, on each Payment Date (or on each Italian 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**"). Such delegation may in particular occur for services for which a licence under the German Act on Rendering Legal Advice (*Rechtsberatungsgesetz*) or any law replacing such Act is required.

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.

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 pursuant to the terms of the Italian Servicing Agreement (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 or the Italian Servicing Agreement (as applicable).

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:

(a) if no Controlling Class Representative has been appointed, the Issuer (with the prior written consent of the Note Trustee), the Note Trustee 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

(b) if no Controlling Class Representative has been appointed, the Italian Issuer (with the prior written consent of the Representative of the Italian Noteholders) or the Representative of the Italian Noteholders 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 Italian Servicing Agreement) a successor Italian Master Servicer or, as the case may be, a successor Italian Special Servicer or a successor Delegate Master Servicer or a successor Delegate Special Servicer, as the case may be; and

(c) if a Controlling Class Representative has been appointed pursuant to Condition 4(c), 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 or Italian Servicing Agreement (as applicable)) 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*:

(i) 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 or the Italian Servicing Agreement (as applicable);

(ii) 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 or the Italian Servicing Agreement (as applicable);

(iii) the occurrence of certain insolvency related events in relation to such Master Servicer or, as the case may be, such Special Servicer.

Upon the occurrence of any events of default in paragraph (i), (ii) or (iii), the Issuer (with the prior written consent of the Note Trustee), the Italian Issuer (with the prior written consent of the Representative of the Italian Noteholders) or, in respect of a Special Servicer only, the relevant B Piece Lender (if any) (subject to the terms of the relevant intercreditor agreement) may immediately or at any time thereafter while such default continues, terminate the appointment of such Master Servicer or such Special Servicer by notice to such Master Servicer or Special Servicer, as applicable.

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 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 or the Italian Servicing Agreement (as applicable). 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 or the Italian Servicing Agreement (as applicable), 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 relevant 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 or the Italian Servicing Agreement (as applicable). 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 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, or, as applicable, the Italian Issuer, as a result);

(iii) require the Issuer, 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 Noteholders, 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 and confirmation from Moody's 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, or as applicable the Italian Issuer has the benefit of a first ranking legal mortgage over the relevant Property (except as otherwise described in the Prospectus) 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, or, as applicable, the Italian Issuer, waive the payment of any Prepayment Fees or Extension Fees (if any) 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, or the Italian Issuer, as applicable, pursuant to the terms of the Loan Agreements and, on or shortly after each Interest Payment Date, will instruct the relevant Security Agent (or Facility Agent in relation to the Fortezza II Loan) to transfer such amounts from the secured accounts to:

(a) in respect of the Loans, the Issuer (with such amounts to be credited to the Issuer 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 Sisu Whole Loan, the Sisu Tranching Account (which is a Tranching Account in the name of the General Master Servicer);

(d) in respect of the Baywatch Whole Loan, the Baywatch Tranching Account (which is a Tranching Account in the name of the General Master Servicer);

(e) in respect of the QueenMary Whole Loan, the QueenMary Tranching Account (which is a Tranching Account in the name of the General Master Servicer); and

(f) in respect of the Harbour Whole Loan, the Harbour 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 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 relevant Loan Sale Agreement) (a "**Final Recovery Determination**"), it is required to notify, *inter alios*, the Issuer, the Italian Issuer (each as applicable), the relevant Master Servicer, the Controlling Class Representative, the relevant Security Agent, any applicable B Piece Lenders, the Cash Manager, the Italian Cash Manager (as applicable), 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' 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 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 or the Italian Servicing Agreement (as applicable) 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 or the Italian Servicing Agreement (as applicable), 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 Italian Issuer and 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 the Italian Servicing Agreement (as applicable); 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 or the Italian Servicing Agreement (as applicable),

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 or the Italian Servicing Agreement (as applicable), 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 or the Italian Servicing Agreement (as applicable) 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 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 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 Agreements, the Trust Deed, the French Loan Issuer Pledge, the Italian Notes Issuer Pledge 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 or the Italian Servicing Agreement (as applicable).

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 or an Italian Note Enforcement Notice (as applicable), each of the Master Servicers 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 or the Italian Servicing Agreement (as applicable).

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, the General Master Servicer, the French Master Servicer, the General Special Servicer, the French Special Servicer, the Note Trustee, the Cash Manager, the Issuer Account Bank, Account Bank, the Originators (other than Bankhaus Milan), the Issuer 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. Pursuant to the terms of an agreement dated on or about the Italian Issue Date (the "**Italian Cash Management Agreement**" and, together with the Cash Management Agreement, the "**Cash Management Agreements**") between the Italian Issuer, the Italian Master Servicer, the Italian Special Servicer, the Italian Cash Manager, the Representative of the Italian Noteholders and the Italian Account Bank, the Italian Issuer and the Representative of the Italian Noteholders will appoint ABN AMRO Bank N.V. (London Branch) as the cash manager to provide certain cash management services on behalf of the Italian Issuer.

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 and the Representative of the Italian Noteholders in accordance with the Cash Management Agreement or the Italian Cash Management Agreement (as applicable).

The Cash Manager will, pursuant to the terms of the Cash Management Agreement or the Italian Cash Management Agreement (as applicable), 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 Transaction Account**") into which, *inter alia*:

  (i) all payments from Borrowers under the Haussmann Loan, the GSI Loan and the Odin 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 Sisu Whole Loan, the Baywatch Whole Loan, the QueenMary Whole Loan and the Harbour 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 Issuer Swap Agreements will be deposited;

(b) a Euro denominated reserve account (the "**Haussmann Capex Reserve Account**") into which the Haussmann Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(c) a Euro denominated reserve account (the "**Odin Reserve Account**") into which the Odin Initial Advance Amount will be deposited by the Issuer on the Closing Date;

(d) a Euro denominated reserve account (the "**Baywatch Capex Reserve Account**") into which the Baywatch Initial Capex Advance Amount will be deposited by the Issuer on the Closing Date;

(e) 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*");

(f) the Swap Collateral Cash Account and Swap Collateral Custody Account, into which amounts, delivered in the form of cash or securities, payable by the Swap Provider under the terms of the relevant Issuer Swap Agreement Credit Support Document will be paid (as to which see "*The Liquidity Facility and the Swap Agreements - The Swap Agreements*"); and

(g) a Euro denominated account (the "**Class X Account**") into which the initial €50,000 from the proceeds of the Class X Note will be paid on the Closing Date.

Italian Issuer Transaction Account

The Italian 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 Italian Issue Date 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 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 "**Sisu Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers or a Swap Provider in respect of the Sisu Whole Loan will be transferred for dividing between the Issuer and the relevant B Piece Lender in accordance with the terms of the relevant Intercreditor Agreement;

(b) a Euro denominated account (the "**Baywatch Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers or a Swap Provider in respect of the Baywatch Whole Loan will be transferred for dividing between the Issuer and the relevant B Piece Lender in accordance with the relevant Intercreditor Agreement;

(c) a Euro denominated account (the "**QueenMary Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers or a Swap Provider in respect of the QueenMary Whole Loan will be transferred for dividing between the Issuer and the relevant B Piece Lender in accordance with the relevant Intercreditor Agreement; and

(d) a Euro denominated account (the "**Harbour Tranching Account**") into which amounts of interest, principal, fees, swap amounts and other amounts received from the Borrower or Borrowers or a Swap Provider in respect of the Harbour Whole Loan will be transferred for dividing between the Issuer and the relevant 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 so as to properly record and account for relevant cash flow movements for the Issuer, such ledgers will include *inter alia*:

(a) an interest ledger (an "**Interest Ledger**") for the Issuer;

(b) a principal ledger (a "**Principal Ledger**") for the Issuer;

(c) a prepayment fee ledger (a "**Prepayment Fee Ledger**") for the Issuer;

(d) an extension fee ledger (an "**Extension Fee Ledger**") for the Issuer;

(e) an Liquidity ledger (the "**Liquidity Ledger**"),

and the Cash Manager will debit and credit these ledgers as follows:

(i) credit the Interest Ledger with Issuer Interest Collections and debit the Interest Ledger with all payments made out of Issuer Interest Collections;

(ii) credit the Principal Ledger with all Issuer Principal Collections and debit the Principal Ledger with all payments made out of Issuer Principal Collections;

(iii) credit the Prepayment Fee Ledger with all Prepayment Fees received by the 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;

(iv) credit the Extension Fee Ledger with all Extension Fees received by the 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; 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.

Ledgers maintained by the Italian Cash Manager

The Italian Cash Manager will maintain certain ledgers on behalf of the Italian Issuer so as to properly record and account for relevant cash flow movements for the Italian Issuer, such ledgers will include *inter alia*:

(a) an interest ledger (an "**Italian Interest Ledger**") for the Italian Issuer;

(b) a principal ledger (an "**Italian Principal Ledger**") for the Italian Issuer;

(c) a prepayment fee ledger (an "**Italian Prepayment Fee Ledger**") for the Italian Issuer;

and the Italian Cash Manager will debit and credit these ledgers as follows:

(i) credit the Italian Interest Ledger with Issuer Interest Collections in respect of the Italian Loan and debit the Italian Interest Ledger with all payments made out of Issuer Interest Collections in respect of the Italian Loan;

(ii) credit the Italian Principal Ledger with all Issuer Principal Collections in respect of the Italian Loan and debit the Italian Principal Ledger with all payments made out of Issuer Principal Collections in respect of the Italian Loan; and

(iii) credit the Italian Prepayment Fee Ledger with all Prepayment Fees received by the Italian Issuer in respect of the Italian Loan and debit the Italian Prepayment Fee Ledger with all payments of Deferred Consideration which are as a result of Prepayment Fees and are made by the Italian Issuer.

Costs and Expenses of Cash Manager, the Italian Cash Manager, the Issuer Account Bank and the Italian Account Bank

On each Payment Date or on each Italian Payment Date, the Issuer, and the Italian Issuer will, in accordance with the relevant priority of payments and in proportion with their respective shares, reimburse the Cash Manager or the Italian Cash Manager, as the case may be, for all out-of-pocket costs and expenses properly incurred by the Cash Manager, the Italian Cash Manager, the Issuer Account Bank and/or the Italian Account Bank (as applicable) in the performance of their obligations on behalf of the Issuer and the Italian Issuer, respectively.

Investment of Funds

Funds held in the Issuer 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.

"**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 or the Italian Cash Manager

The Cash Manager's appointment may be terminated by, *inter alios*, the Issuer or the Note Trustee (in relation to the Cash Manager), or the Italian Issuer or the Representative of the Italian Noteholders (in relation to the Italian Cash Manager) 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 relevant Cash Manager to make when due a payment required to be made by the relevant Cash Manager on behalf of the Issuer, 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 relevant Cash Management Agreement which continues unremedied for 15 Business Days after the earlier of the relevant Cash Manager becoming aware of such default or receipt by the relevant Cash Manager of a written notice from the Note Trustee, 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 relevant Cash Manager of such default; or

(c) the occurrence of an insolvency related event in relation to the relevant Cash Manager.

The Cash Manager or the Italian Cash Manager may resign as Cash Manager or as Italian Cash Manager, as applicable 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 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 relevant 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 and the Italian 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" or, in respect of long-term unsecured, unguaranteed and unsubordinated debt obligations, "A1" by Moody's (the "**Account Bank Required Rating**"), the Issuer 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 and the Italian 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 Italian Issuer Transaction Account, the Tranching Accounts, the Issuer 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 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 Issuer and the Note Trustee and the Italian Issuer and the Representative of the Italian Noteholders in relation to the Italian Issuer Transaction 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 €72,269,275 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 (other than amounts attributable to swap collateral (and income thereon)) 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 (but excluding the aggregate amount of Loan Protection Drawings made during such 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, provided that no Income Deficiency Drawing may be made in respect of any deficiency of interest payable on the Class E Notes or the Class F Notes to the extent that such deficiency results from the prepayment of any Loan.

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 €1,000,000,000 but not below €370,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to €65,000,000 (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 €370,000,000, the maximum principal amount available under the Liquidity Facility will be decreased to

€33,300,000 (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 (iv) of the Issuer Revenue Pre-Enforcement Priority of Payments and under item (vii) of the Issuer Post 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 remain 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, or, in respect of long-term unsecured, unguaranteed and unsubordinated debt obligations, "A1" (or their equivalent) by Moody's, or below such lower 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 Revenue 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 in respect of the Liquidity Facility Agreement, 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 a swap agreement 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 transactions in respect of the Harbour Whole Loan, the Baywatch Whole Loan, the QueenMary Whole Loan, the Haussmann Loan, the Sisu Whole Loan, the GSI Loan, the Fortezza II Loan and the Odin Loan (and all transactions thereunder, "**Issuer Swap Transactions**").

On or before the Closing Date, certain Borrowers will enter into a swap agreement in the form of an ISDA 1992 Master Agreement (Multicurrency – Cross Border) and schedule thereto (or a long form confirmation incorporating the ISDA 1992 Master Agreement (Multicurrency-Cross Border)) with one or both Swap Providers in respect of each of the Haussmann Loan, the Sisu Whole Loan and the Baywatch Capex Facility (together, the "**Borrower Swap Agreements**" (and all transactions thereunder "**Borrower Swap Transactions**") together with the Issuer Swap Agreements, the "**Swap Agreements**" and a Borrower Swap Agreement and an Issuer Swap Agreement each being a "**Swap Agreement**").

Interest Rate Swap Transaction

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 Harbour Whole Loan, the GSI Loan, the Fortezza II Loan, the Baywatch Whole Loan, the QueenMary Whole Loan and the Odin Loan will, concurrent with the assignment of the relevant Originator's interests in such Loans and Whole 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 Issuer Swap Agreement.

Pursuant to each Interest Rate Swap Transaction, an amount in Euro calculated by reference to the fixed rate that accrues on the relevant Loan or Whole Loan to which such Interest Rate Swap Transaction relates and the outstanding amount of such Loan or Whole 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 or Whole Loan or a predetermined amortisation schedule, as applicable. Amounts payable under an Interest Rate Swap Transaction will be made on the Payment Dates.

Pursuant to the terms of each Loan Agreement or Whole Loan Agreement (as applicable):

(a) the Issuer may, under certain circumstances, be required to pay to the relevant Borrower any gains payable by the relevant Swap Provider upon termination of the relevant Interest Rate Swap Transactions, provided that during the continuance of a default under the relevant Loan Agreement or Whole Loan Agreement, any such gains will be available to pay amounts due in respect of the relevant Loan or Whole Loan Agreement, 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.

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:

(i) the relevant Originator in respect of the Baywatch Capex Facility will, upon assignment of such Originator's interests in the Baywatch Capex Facility and Related Security to the Issuer, be novated to the relevant Baywatch Borrower. After such novation, the Baywatch Interest Rate Cap Transaction will be governed by the terms of the Relevant Borrower Swap Agreement.

(ii) Certain Borrowers in respect of the Haussmann Loan and the Sisu Whole Loan, will be governed by the terms of the relevant Borrower 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 relevant Borrower 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.

Date Adjustment Swap Transactions

On or about the Closing Date the Issuer will enter two basis swap transactions with the relevant Swap Provider (the "**Date Adjustment Swap Transactions**") in respect of the loans comprising the Haussmann Loan and the Sisu Whole Loan. The Date Adjustment Swap Transactions will be governed by the terms of the relevant 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 Interest Payment Dates for the loans comprising the Haussmann Loan and the Sisu 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.

Termination of Issuer Swap Agreements

An Issuer Swap Transaction may be terminated (in whole or in part) by the Swap Provider in circumstances including, broadly, where:

(i) the Issuer is in default by reason of failure by the Issuer to make payments; or

(ii) certain insolvency-related events affect the Issuer; or

(iii) the Issuer is dissolved (other than pursuant to a merger); or

(iv) in the event that proceedings are taken against the Issuer by the Trustee to enforce payment of the Notes; or

(v) the Loans or the Whole Loans, as applicable, are prepaid or sold (in full or in part); or

(vi) 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.

In the event of a termination (in whole or in part) of the transactions entered into under an Issuer Swap Agreement, a termination payment may be due to the Swap Provider from the Issuer. The Borrowers pursuant to the terms of the relevant Whole Loan Agreements/Intercreditor Agreements, have agreed to indemnify the Issuer for such swap breakage costs.

An Issuer Swap Transaction may be terminated by the Issuer in circumstances including, broadly, where:

(i) the Swap provider or the Swap Guarantor is in default by reason of failure by such the Swap Provider or the Swap Guarantor to make payments: or

(ii) the Swap Provider or Swap Guarantor is otherwise in breach of the Swap Provider Agreement or a Swap Guarantee (as applicable); or

(iii) the Swap Provider or Swap Guarantor has made certain misrepresentations; or

(iv) the Swap Provider or the Swap Guarantor defaults under any derivative transaction entered into with the Issuer; or

(v) certain insolvency-related or corporate reorganisation events affect the relevant Swap Provider or Swap Guarantor.

An Issuer Swap Transaction may be terminated early by the Issuer or the Swap Provider in circumstances including broadly where:

(i) there is a change of law or change in application of the relevant law which results in such party being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party under the relevant Issuer Swap Transaction and thereby being required, under the

terms of the relevant Issuer Swap Transaction to gross up payments made under the relevant Issuer Swap Transaction; or

(ii) there is a change in law which results in the illegality of the obligations to be performed by either party under the relevant Issuer Swap Transaction. Promptly upon the termination of the Agreement, the Issuer shall notify the Trustee of such termination.

Upon termination of an Issuer Swap Transaction, depending on replacement values, the Swap Provider may be liable to make a termination payment to the Issuer or vice versa in accordance with the terms of the relevant Issuer Swap Agreement. Except as described above, the Swap Provider is not bound to make any other payments. In particular, the Swap Provider will not make or guarantee any payments in respect of the Notes.

For the avoidance of doubt, the termination events set out above are not exhaustive.

Termination of Borrower Swap Agreements

A Borrower Swap Transaction may be terminated by the Swap Provider in circumstances including, broadly, where:

(i) the relevant Borrower is in default by reason of failure by such Borrower to make payments; or

(ii) certain insolvency-related events affect the relevant Borrower(s); or

(iii) the relevant Borrower is dissolved (other than pursuant to a merger); or

(iv) in the event that proceedings are taken against the relevant Borrower(s) by the Trustee to enforce payment of the Notes; or

(v) the Loans or the Whole Loans, as applicable, are prepaid or sold (in full or in part).

In the event of a termination of the transactions entered into under a Borrower Swap Agreement, a termination payment may be due to the Swap Provider from the relevant Borrower.

A Borrower Swap Transaction may be terminated by the relevant Borrower in circumstances including, broadly, where:

(i) the Swap provider or the Swap Guarantor is in default by reason of failure by such the Swap Provider or the Swap Guarantor to make payments; or

(ii) the Swap Provider or Swap Guarantor is otherwise in breach of the Swap Provider Agreement or a Swap Guarantee (as applicable); or

(iii) the Swap Provider or Swap Guarantor has made certain misrepresentations; or

(iv) the Swap Provider or the Swap Guarantor defaults under any derivative transaction entered into with the relevant Borrower; or

(v) certain insolvency-related or corporate reorganisation events affect the relevant Swap Provider or Swap Guarantor.

A Borrower Swap Transaction may be terminated early by the relevant Borrower or the Swap Provider in circumstances including broadly where:

(i) there is a change of law or change in application of the relevant law which results in such party being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party under the relevant Borrower Swap Transaction and thereby being required, under the terms of the relevant Borrower Swap Transaction to gross up payments made under the relevant Borrower Swap Transaction; or

(ii) there is a change in law which results in the illegality of the obligations to be performed by either party under the relevant Borrower Swap Transaction. Promptly upon the termination of the Agreement, the Borrower shall notify the Trustee of such termination.

Upon termination of a Borrower Swap Transaction, depending on replacement values, the Swap Provider may be liable to make a termination payment to the relevant Borrower or vice versa in accordance with the terms of the relevant Borrower Swap Agreement. Except as described above, the Swap Provider is not bound to make any other payments. In particular, the Swap Provider will not make or guarantee any payments in respect of the Notes.

For the avoidance of doubt, the termination events outlined above are not exhaustive.

Swap Downgrade Event

In the event that the rating of a Swap Provider or, as the case may be, the Swap Guarantor is downgraded below the relevant rating(s) specified (in accordance with the requirements of Fitch, Moody's and S&P) in a Swap Agreement then the Issuer or the relevant Borrower (as applicable) has the right, subject to certain conditions, to terminate the relevant Swap Agreement unless the Swap Provider, within the time period specified in the relevant Swap Agreement and at its own cost, takes certain remedial steps which may include:

(iii) providing collateral for its obligations in accordance with (and only if permitted by) the terms of the relevant Swap Agreement; or

(iv) obtaining a guarantee of, or a co-obligor for its obligations under the relevant Swap Agreement from a third party whose ratings are equal to or higher than the ratings specified in the relevant Swap Agreement; or

(v) transferring all of its rights and obligations under the relevant Swap Agreement to a third party provided that such third party's ratings are equal to or higher than the ratings specified in the relevant Swap Agreement.

Withholding Tax

The Swap Providers 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 relevant 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 or the relevant Borrower (as the case may be) will equal the full amount the Issuer or the relevant Borrower (as the case may be) would have received had no such withholding or deduction been required, which may result in a termination event under the relevant Swap Agreement. The Issuer or the relevant Borrower (as the case may be) is similarly obliged to make payments under the relevant Swap Agreement 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.

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 that, among other things such third party agrees to be bound by, inter alia, the terms of the Deed of Charge, on substantially the same terms as the Swap Provider.

Credit Support – Terms

The Issuer and the relevant Swap Provider will enter into a credit support document in the form of an ISDA 1995 Credit Support Annex (Transfer - English Law) (the "**Issuer Swap Agreement Credit Support Document**") in respect of each Issuer Swap Agreement on the Closing Date.

Certain Borrowers in respect of the Haussmann Loan and the Baywatch Whole Loan and the relevant Swap Provider will enter into a credit support document in the form of an ISDA 1995 Credit Support Annex (Transfer - English Law) in respect of each Borrower Swap Agreement on the Closing Date (the "**Borrower Swap Agreement Credit Support Document**" together with the Issuer Swap Agreement Credit Support Document, the "**Swap Agreement Credit Support Documents**" and each a "**Swap Agreement Credit Support Document**"). There will be no credit support document entered into by the

Borrower in respect of the Sisu Whole Loan on the Closing Date but such a document may be entered into at a later date and, if entered into will be a Borrower Swap Agreement Credit Support Document.

Each Issuer Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in such Issuer Swap Agreement Credit Support Document, the relevant Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Issuer Swap Agreements and the Issuer will be obliged to return such collateral in accordance with the terms of the relevant Issuer Swap Agreement Credit Support Document.

Each Borrower Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in such Borrower Swap Agreement Credit Support Document, the relevant Swap Provider will make transfers of collateral to the relevant Borrower in support of its obligations under the Borrower Swap Agreements and the relevant Borrower will be obliged to return such collateral in accordance with the terms of the relevant Borrower 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 Issuer 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 and distributions in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income and distributions thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the relevant Issuer Swap Agreement Credit Support Documents.

APPLICATION OF FUNDS

General

The payment of principal and interest by: (i) the Borrowers under the Loans; and (ii) 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 or the Italian Transaction Account will be invested in Eligible Investments.

Funds Paid into the Issuer 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 Issuer Swap Agreements and each Swap Provider will pay any amounts due to the Issuer into the Issuer Transaction Account, or, in the case of the Sisu Whole Loan, the Baywatch Whole Loan, the QueenMary Whole Loan and the Harbour Whole Loan, the relevant Tranching Account.

On or shortly after each Interest Payment Date, each Security Agent or the Italian Facility Agent, acting on the instructions of the relevant Master Servicer, will transfer from the relevant Borrowers' account to:

(a) in respect of the Haussmann Loan, the Odin Loan and the GSI Loan, the Issuer Transaction Account;

(b) in respect of the Italian Loan, the Italian Issuer Transaction Account;

(c) in respect of the Sisu Whole Loan, the Sisu Tranching Account;

(d) in respect of the Baywatch Whole Loan, the Baywatch Tranching Account;

(e) in respect of the QueenMary Whole Loan, the QueenMary Tranching Account; and

(f) in respect of the Harbour Whole Loan, the Harbour 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 Transaction Account.

Amounts on deposit in the Issuer Transaction Account 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; and (ii) 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 collateral amounts payable to the Issuer by a Swap Provider under the terms of the relevant Swap Agreement Credit Support Document or 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) Consideration Reimbursement Amounts;

(i) "**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;

(j) "**Extension Fees**", which consist of all fees received by the Issuer as a result of an extension of the Loan Maturity Date of the Haussmann Loan and the Baywatch Loan; and

(k) 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 (including, for the avoidance of doubt, any payments to Borrowers in accordance with the terms of any Loan Agreement), 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 or LBF, as applicable, pursuant to the related Loan Sale Agreement following the repurchase/purchase of the Relevant Loan by the relevant Originator or LBF, as applicable, 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 Transaction Account.

In addition the Issuer (or the Cash Manager on its behalf) is permitted on any date that is not a Payment Date and 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 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 less any Swap Amounts paid into the Tranching Accounts on such Payment Date;

(c) the Consideration Reimbursement Amount in respect of the relevant Payment Date (if any);

(d) the proceeds of any Income Deficiency Drawings made under and in accordance with the Liquidity Facility Agreement in respect of such Payment Date; and

(e) 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 Share Capital 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 Amounts 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 Custodian, 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 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 (xi) below);

(h) 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) or as a result of an Additional Termination Event (as that term is defined in the relevant Swap Agreement) which is a rating downgrade event, in respect of which the Swap Provider is the sole Affected 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**");

(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); and

(xv) *fifteenth*, in payment to LBF of the amount equal to the lesser of (i) the Consideration Reimbursement Amount in respect of such Payment Date; and (ii) the then Available Interest Collection after application of Available Interest Collections towards the payment of all amounts outstanding pursuant to (i) to (xiv) above (excluding (vii)(b)) (the "**Additional Deferred Consideration**").

Issuer Principal Pre-Enforcement Priority of Payments

The advance of the Haussmann Capex Advance on or after the Closing Date by the Bankhaus Lender to the Haussmann Borrower is conditional upon, *inter alia*, the Haussmann Borrower requesting drawing(s) from the capex facility under the Haussmann Loan Agreement up to, in aggregate, the Haussmann Initial Capex Advance Amount. The Initial Haussmann Capex Advance Amount will be retained by the Issuer in the Haussmann Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Haussmann Capex Advance by the Bankhaus London to the Haussmann Borrower, the Issuer will pay the Haussmann Capex Advance Amount to the Bankhaus London to acquire the Haussmann Capex Advance. However, if the Haussmann Capex Advances in an amount equal to the Initial Haussmann Capex Advance Amount are not advanced by the Haussmann Special Principal Payment Date, then the Haussmann Remaining Capex Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Haussmann Special Principal Payment Date.

The advance of the Baywatch Capex Advance on or after the Closing Date by LCPI to the relevant Baywatch Borrower is conditional upon, *inter alia*, the relevant Baywatch Borrower requesting drawing(s) from the capex facility under the Baywatch Loan up to, in aggregate, the Baywatch Initial Capex Advance Amount. The Initial Baywatch Capex Advance Amount will be retained by the Issuer in the Baywatch Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Baywatch Capex Advance by LCPI to the relevant Baywatch Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Baywatch Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Baywatch Capex Advance to the Issuer. However, if the Baywatch Capex

Advances in an amount equal to the Initial Baywatch Capex Advance Amount are not advanced by the Baywatch Special Principal Payment Date, then the Baywatch Remaining Capex Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Baywatch Special Principal Payment Date.

The advance of an Odin Additional Advance on or after the Closing Date by LCPI to the relevant Odin Borrower is conditional upon, *inter alia*, the relevant conditions in the sale and purchase agreement in respect of the Odin Property being fulfilled and an additional payment obligation becoming payable. The Odin Additional Advance will be retained by the Issuer in the Odin Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of an Odin Additional Advance by LCPI to the Odin Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Odin Additional Advance from LCPI, and LBF will thereafter subsequently transfer such Odin Additional Advance to the Issuer. However, if Odin Additional Advances in an amount equal to €100,000 are not advanced by the First Odin Special Principal Payment Date and if Odin Additional Advances in an amount equal to the Odin Initial Advance Amount are not advanced by the Second Odin Special Principal Payment Date, then the relevant Odin Remaining Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Odin 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, 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:

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

(2) in respect of any Loan (other than in respect of 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 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); and

(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 and this repayment would take place prior to any further drawings being made under the Liquidity Facility Agreement;

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

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

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

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

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

(vii) *seventh*, 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, 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:

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

(2) in respect of any Loan (other than in respect of 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;

(b) 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 (a) of the Italian Principal Priority of Payments); and

(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 and this repayment would take place prior to any further drawings being made under the Liquidity Facility Agreement;

(ii) *second*, 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.

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

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 11 (*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 Custodian 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 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 or the Date Adjustment Swap Transactions or 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.

(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) or as a result of an Additional Termination Event (as that term is defined in the relevant Swap Agreement) which is a rating downgrade event, in respect of

which the Swap Provider is the Sole Affected 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 or the Date Adjustment 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 (viii) 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 Italian 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 Italian 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 Italian 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 Italian 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 Italian 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 and all outstanding costs, expenses, fees, and indemnity payments (if any) and any other amounts due and 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, *pro rata* and *pari passu* according to the respective amounts thereof of any and all outstanding fees, costs, remuneration, expenses and indemnity payments (if any) and any other amounts due and payable by the Italian Issuer to the Italian Paying Agent, the Italian Cash Manager and the Italian Account Bank each under the Transaction Documents to which it is a priority;

(d) in or towards satisfaction of any and all outstanding fees, costs, expenses, remuneration and indemnity payments (if any) and any other amounts due and payable by the Italian Issuer to the Italian Corporate Services Provider;

(e) in or towards satisfaction, *pro rata* and *pari passu*, of any and all amounts (other than any amounts of Liquidation Fee or Workout Fee) 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 or any delegate thereof in accordance with the Italian Servicing Agreement (including the Delegate Master Servicer and the Delegate Special Servicer);

(f) in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any and all Expenses due to third parties (other than those that are listed in paragraphs (a), (b), (c), (d) and (e) of the Italian Revenue Priority of Payments); and

(g) in or towards satisfaction of all amounts of interest due and overdue (including Interest Amount Arrears) on the Italian Notes.

(h) in or towards satisfaction of any and all Originator's Claims, and

(i) to pay any amount remaining, following the satisfaction in full of the amounts owing under items (a) through to (h) above to form part of the available Principal to be applied on such Payment Date.

"**Italian Available Issuer Income**" on any date means:

(a) all amounts other than principal or Prepayment 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.

No Prepayment Fees will be included in the calculation of Italian Available Issuer Income at any time. Prepayment 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 Italian Notes Subscription 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 Determination Date will be applied by the Italian Issuer (or the Italian Cash Manager on its behalf) on the Payment Date immediately following such Determination 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 and Workout Fee then due and payable by the Italian Issuer to the Italian Special Servicer or any of its delegates in accordance with the provisions of the Italian Servicing Agreement;

(b) *second*, either:

(i) prior to the Initial Redemption Payment Date; to pay all further amounts to the Italian Transaction Account unless directed by the Italian Noteholders to use such amounts to redeem the Italian Notes on such Payment Date; or

(ii) on the Initial Redemption Payment Date and on each Payment Date thereafter, in or towards redemption, *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 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 that would otherwise have been used to redeem the Italian Notes will be held in the Italian Transaction Account. 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 the Italian Loan (including upon substitution of the relevant lender in accordance with legislative decree no. 40/2007), 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 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.

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 delivered to the Company Announcements Office of the Irish Stock Exchange and 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	€836,430,000	April 2014
Class X	€50,000	N/A
Class B	€97,100,000	April 2014
Class C	€79,000,000	April 2014
Class D	€33,400,000	April 2014
Class E	€44,320,000	April 2014
Class F	€21,585,000	April 2014

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 €836,430,000 Class A Commercial Mortgage-Backed Notes due 2018 (the "**Class A Notes**"), the €50,000 Class X Commercial Mortgage-Backed Note (the "**Class X Note**"), the €97,100,000 Class B Commercial Mortgage-Backed Notes due 2018 (the "**Class B Notes**"), the €79,000,000 Class C Commercial Mortgage-Backed Notes due 2018 (the "**Class C Notes**"), the €33,400,000 Class D Commercial Mortgage-Backed Notes due 2018 (the "**Class D Notes**"), the €44,320,000 Class E Commercial Mortgage-Backed Notes due 2018 (the "**Class E Notes**") and the €21,585,000 Class F Commercial Mortgage-Backed Notes due 2018 (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 XIV CMBS Limited (the "**Issuer**") on or about 28 November 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), LaSalle Bank National Association as registrar (the "**Registrar**") and as Custodian (the "**Custodian**"), 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 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 19 November 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 (recourse in respect of which is limited in the manner described in Condition 17), are not obligations of, or guaranteed by, any other parties to the Transaction Documents and are secured by the same security (other than the amounts standing to the credit of the Class X Account, which secured the obligations owed to the Class X Noteholders only). 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:

(G) 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;

(H) 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;

(I) 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;

(J) 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

(K) 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(m). 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 Adjusted Notional 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 Adjusted Notional 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 Adjusted Notional 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 Adjusted Notional 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 Adjusted Notional 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 Servicing 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 Servicing 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, 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 B Piece or a material default is imminent on a Loan or a 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 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) co-mingle or intermingle its business or assets with the business or assets of any other person, or permit its business or assets to be so co-mingled or intermingled;

(ii) take part in the management or administration of any other company or corporation;

(iii) make itself or hold itself out as responsible for the debts of liabilities of any other person;

(iv) have any other business establishment or other fixed establishment other than in Ireland;

(v) prejudice its status as a qualifying company within the meaning of section 110 of the Taxes Consolidation Act, 1997 of Ireland, as amended;

(vi) 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;

(vii) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment;

(viii) amend, supplement or otherwise modify its memorandum or articles of association or other constitutive documents; or

(ix) 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 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) *Merge*r

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 Share Capital 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 and Issuer Profit Amount (and any interest thereon), 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 arrears on the 22nd day of January, April, July and October in each year (or if such day is not a Business Day, the next succeeding Business Day, such date a "**Payment Date**"). The first Payment Date in respect of each Class of Notes and in respect of the Italian Notes will be the Payment Date falling on January 2008.

In these Conditions:

"**Interest Period**" means the period from (and including) any Payment Date (or, as applicable, the Closing Date) to (but excluding) the next Payment Date.

"**Business Day**" means a day on which banks are open for business in London, Dublin, Milan and New York and which is a TARGET Business Day.

"**Interest Payment Date**" means in respect of Loan, the 15th day of January, April, July and October 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 Fortezza II Loan and the Harbour Loan, in which case 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 QueenMary Loan and the Baywatch Loan, a day (other than a Saturday or a Sunday) on which banks are open for general business in London and Frankfurt am Main and which is a TARGET Business Day (as applicable);

(b) in respect of the GSI Loan, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Berlin and which is a TARGET Business Day (as applicable);

(c) in respect of the Harbour Loan, a day (other than a Saturday or Sunday), on which banks are open for general business in London and (i) in relation to any date for payment or purchase of a currency other than euro, in the principal financial centre of the country of that currency; or (ii) in relation to any date for payment or purchase of euro, any TARGET Business Day;

(d) in respect of the Odin Loan, a day (other than a Saturday or Sunday) on which banks are generally open for business in London, Helsinki and Luxembourg, and which is a TARGET Business Day;

(e) in respect of the Sisu Loan, a day on which banks are generally open for business in London, Helsinki, Stockholm and New York and, in relation to a date for the payment or purchase of any sum denominated in euro, any TARGET Business Day;

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

(g) in respect of the French Loan, a day (other than a Saturday or a Sunday) on 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 any Interest Period, 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 one and two 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 one and two 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, 0.45 per cent. per annum;

(B) in the case of the Class B Notes, 0.75 per cent. per annum;

(C) in the case of the Class C Notes, 1.20 per cent. per annum;

(D) in the case of the Class D Notes, 1.90 per cent. per annum;

(E) in the case of the Class E Notes, 2.05 per cent. per annum; and

(F) in the case of the Class F Notes, 2.30 per cent. per annum.

Interest on the Class E Notes for any Payment Date will be limited, in accordance with Condition 5(i), to an amount (the "**Adjusted Class E Interest Amount**") equal to the lesser of (a) the Class E 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 E Notes and the Adjusted Class E 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.

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 (xv) 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 Interest Payment Date falling in 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) or (iv) (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) or (iv) (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) or (iv) (as the case may be) (the "**Shortfall**"). Such Shortfall shall itself accrue interest during the period from (and including) the due date therefore 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 E Notes is subject, on any Payment Date, to a maximum amount equal to the lesser of (a) the Class E Interest Amount, and (b) the Adjusted Class E Interest Amount. Notwithstanding the deferral provisions above, the difference between the Regular Note Interest Amount applicable to the Class E Notes and the Adjusted Class E Interest Amount will be extinguished on such Payment Date and the affected Noteholders will have no claim against the Issuer in respect thereof.

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 11 (*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 11 (*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 Haussmann Special Principal Payment Date and the Baywatch 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, 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 Italian Loan); and

(2) in respect of any Loan (other than 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;

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

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

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

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

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

(vii) *seventh*, 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 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, 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 Italian Loan) (to the extent not paid from Available Sequential Principal); and

(2) in respect of any Loan (other than 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;

(ii) *second*, 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.

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 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 Haussmann Special Principal Payment Date, the then Haussmann Remaining Capex Advance Amount (if any);

(c) on the relevant Odin Special Principal Payment Date, the then Odin Remaining Additional Advance (if any);

(d) on the Baywatch Special Principal Payment Date, the then Baywatch Remaining Capex Advance Amount (if any); and

(e) if prior to the relevant Special Principal Payment Date any capex facility under the applicable Loan or the Odin Reserve Facility is cancelled, the amount then standing to the credit of the relevant Capex Reserve Account (or the Odin Reserve Account, as applicable).

"**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 and the Italian Notes, as a result of the repayment of any 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 (i) more than 15 per cent. of the aggregate principal amount outstanding of the Loans (as at the Closing Date) or (ii) not less than 3 Loans 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 the Closing Date 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 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) 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 LBF 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 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, the Release Amounts 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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

(vi) 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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

(vii) 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 does not 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 does not 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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

(vii) 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 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 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.

"**Aggregate Adjusted Notional Amount Outstanding**" in respect of the Notes on any date shall be the sum of the Adjusted Notional Amount Outstanding of each Class of Notes outstanding on such date.

"**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 11 (*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:

(i) 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

(ii) 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% 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 Definitive 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. Save in respect of a resolution to amend the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities, the majority required for an Extraordinary Resolution shall be not less than 75% of the votes cast on the resolution.

(e) The quorum at any meeting of the Noteholders for passing an Extraordinary Resolution in respect of a Basic Terms Modification will be two or more persons holding or representing not less than 50% in Principal Amount Outstanding of all the Notes for the time being outstanding. The majority required for an Extraordinary Resolution in respect of a Basic Terms Modification shall be not less than 75% of the votes cast in respect of such resolution. The foregoing notwithstanding, the implementation of 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 quorum at any meeting of the Noteholders for passing an Extraordinary Resolution in respect of a resolution to amend the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities will be two or more persons holding or representing not less than 50% in Principal Amount Outstanding of all the Notes for the time being outstanding. The majority required for an Extraordinary Resolution to amend the definition of Permitted Activities or to request that the Issuer undertake any action that is not Permitted Activities shall be not less than 50% in Principal Amount Outstanding of all the Notes for the time being outstanding.

(g) 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.

(h) 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*).

(i) 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.

(j) 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.

(k) 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.

(l) 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 therefore, 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.

(m) 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.

(n) 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 and the Companies Announcement Office of Irish Stock Exchange.

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 or the Class E Notes; 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; and while any 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 and the Italian Notes Issuer Pledge which will be governed by Italian law, the French Loan Pledge which will be governed by French law and parts of the Issuer Deed of Charge and the Master 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 and of each Noteholder and beneficial owner of an interest in the Notes that the Class A Notes, the 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 October 2007;

(b) all payments under the Notes are made in accordance with the Issuer Principal Pre-Enforcement Priority of Payments (other than payments made pursuant to items (i) and (ii) of the Issuer Principal Pre-Enforcement Priority of Payments);

(c) there are no drawings under the Liquidity Facility and that there are no anticipated expenses which will require any drawings under the Liquidity Facility;

(d) all payments under the Notes are made on a timely basis;

(e) all payments pursuant to the Swap Agreements are made on a timely basis;

(f) the Issuer does not sell any Loan or any of the Italian Notes;

(g) no 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;

(h) 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;

(i) with respect to the Sisu A Piece and the QueenMary A Piece, the relevant Sisu Properties and QueenMary Properties being sold in accordance with the relevant Borrower's business plan;

(j) the Italian Notes are not disposed of by the Issuer;

(k) each of the Haussmann Initial Capex Advance Amount, the Odin Initial Advance Amount and the Baywatch Initial Capex Advance Amount are utilised in full by the Issuer on or before the Closing Date; and

(l) 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 of the Notes on each Payment Date and the approximate average lives of the Notes would be as follows[3]:

Payment Date	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes

[3] The percentage of initial aggregate Principal Amount Outstanding of the Notes are based on the initial balance of each quarter

Payment Date	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
Jan-08	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Apr-08	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%
Jul-08	92.2%	96.6%	96.6%	96.6%	96.6%	96.6%
Oct-08	90.4%	95.9%	95.9%	95.9%	95.9%	95.9%
Jan-09	88.9%	95.2%	95.2%	95.2%	95.2%	95.2%
Apr-09	86.2%	94.0%	94.0%	94.0%	94.0%	94.0%
Jul-09	76.8%	89.5%	89.5%	89.5%	89.5%	89.5%
Oct-09	70.5%	86.3%	86.3%	86.3%	86.3%	86.3%
Jan-10	69.5%	85.9%	85.9%	85.9%	85.9%	85.9%
Apr-10	66.6%	84.4%	84.4%	84.4%	84.4%	84.4%
Jul-10	62.2%	82.1%	82.1%	82.1%	82.1%	82.1%
Oct-10	56.3%	78.8%	78.8%	78.8%	78.8%	78.8%
Jan-11	53.5%	77.2%	77.2%	77.2%	77.2%	77.2%
Apr-11	51.7%	76.1%	76.1%	76.1%	76.1%	76.1%
Jul-11	46.2%	72.7%	72.7%	72.7%	72.7%	72.7%
Oct-11	46.1%	72.7%	72.7%	72.7%	72.7%	72.7%
Jan-12	46.1%	72.7%	72.7%	72.7%	72.7%	72.7%
Apr-12	46.0%	72.7%	72.7%	72.7%	72.7%	72.7%
Jul-12	45.9%	72.7%	72.7%	72.7%	72.7%	72.7%
Oct-12	45.9%	72.7%	72.7%	72.7%	72.7%	72.7%
Jan-13	45.8%	72.7%	72.7%	72.7%	72.7%	72.7%
Apr-13	45.8%	72.7%	72.7%	72.7%	72.7%	72.7%
Jul-13	45.7%	72.7%	72.7%	72.7%	72.7%	72.7%
Oct-13	41.8%	70.2%	70.2%	70.2%	70.2%	70.2%
Jan-14	41.7%	70.2%	70.2%	70.2%	70.2%	70.2%
Apr-14	1.5%	9.0%	9.0%	9.0%	9.0%	9.0%
Average Life(*)	3.97yrs	5.19yrs	5.19yrs	5.19yrs	5.19yrs	5.19yrs
First Principal Payment Date	Jan-08	Apr-08	Apr-08	Apr-08	Apr-08	Apr-08
Last Principal Payment Date	Apr-14	Apr-14	Apr-14	Apr-14	Apr-14	Apr-14

(*) 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 Initial 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 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 €1,111,835,748. 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; and (b) purchase the Italian Notes from the Initial Italian Notes Purchaser. 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 Haussmann Capex Advance on or after the Closing Date by the Bankhaus Lender to the Haussmann Borrower is conditional upon, *inter alia*, the Haussmann Borrower requesting drawing(s) from the capex facility under the Haussmann Loan Agreement up to, in aggregate, the Haussmann Initial Capex Advance Amount. The Initial Haussmann Capex Advance Amount will be retained by the Issuer in the Haussmann Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Haussmann Capex Advance by the Bankhaus London to the Haussmann Borrower, the Issuer will pay the Haussmann Capex Advance Amount to the Bankhaus London to acquire the Haussmann Capex Advance. However, if the Haussmann Capex Advances in an amount equal to the Initial Haussmann Capex Advance Amount are not advanced by the Haussmann Special Principal Payment Date, then the Haussmann Remaining Capex Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Haussmann Special Principal Payment Date.

The advance of the Baywatch Capex Advance on or after the Closing Date by LCPI to the relevant Baywatch Borrower is conditional upon, *inter alia*, the relevant Baywatch Borrower requesting drawing(s) from the capex facility under the Baywatch Loan up to, in aggregate, the Baywatch Initial Capex Advance Amount. The Initial Baywatch Capex Advance Amount will be retained by the Issuer in the Baywatch Capex Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of a Baywatch Capex Advance by LCPI to the relevant Baywatch Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Baywatch Capex Advance from LCPI, and LBF will thereafter subsequently transfer such Baywatch Capex Advance to the Issuer. However, if the Baywatch Capex Advances in an amount equal to the Initial Baywatch Capex Advance Amount are not advanced by the Baywatch Special Principal Payment Date, then the Baywatch Remaining Capex Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the Baywatch Special Principal Payment Date.

The advance of an Odin Additional Advance on or after the Closing Date by LCPI to the relevant Odin Borrower is conditional upon, *inter alia*, the relevant conditions in the sale and purchase agreement in respect of the Odin Property being fulfilled and an additional payment obligation becoming payable. The Odin Additional Advance will be retained by the Issuer in the Odin Reserve Account on the Closing Date and invested in Eligible Investments by the Cash Manager. Upon the same date as the advance of an Odin Additional Advance by LCPI to the Odin Borrower, the Issuer will pay an amount equal to such advance to LBF who will use such amounts to purchase such Odin Additional Advance from LCPI, and LBF will thereafter subsequently transfer such Odin Additional Advance to the Issuer. However, if Odin Additional Advances in an amount equal to €100,000 are not advanced by the First Odin Special Principal Payment Date and if Odin Additional Advances in an amount equal to the Odin Initial Advance Amount are not advanced by the Second Odin Special Principal Payment Date, then the relevant Odin Remaining Advance Amount will be treated as Available Pro Rata Principal and applied in accordance with the applicable Issuer Priority of Payments on the relevant Odin 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 12.5 per cent. in relation to trading income and at the rate of 25 per cent. in relation to income that is not income from a trade. However, section 110 of the 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 25 per cent.. However, for that purpose those profits shall be computed in accordance with the provisions applicable to Case I of the Schedule (which is applicable to trading income). On this basis and on the basis that the interest on the Notes:

(a) does not represent more than a reasonable commercial return on the principal outstanding and it is not dependant on the results of the company's business, or

(b) it is not paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance, then

the interest in respect of the Notes issued will be deductible in determining the taxable profits of the company.

Stamp duty

If the Issuer is a qualifying company within the meaning of section 110 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, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States of America and Zambia. New treaties with Argentina, Egypt, Georgia, Kuwait, Macedonia, Malta, Moldova, Morocco, Thailand, 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

This Prospectus 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 and the Class E Notes and the 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 Managers)) 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 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. Each United States holder should consult its own tax advisors as to how it would be required to treat the income for the 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 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.

Subject to the PFIC rules described below, a United States holder of a Class E Note 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 PFIC

The Issuer will likely be treated as a 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 as equity interests in a PFIC. The Italian Issuer does not intend to comply with the reporting requirements necessary to permit United States holders to elect to that the Italian Issuer 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 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 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. Each United States holder of a Class X Note should consult its own tax advisor regarding the U.S. tax treatment of 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 Labour, 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 and the Class X Note may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class E Notes, the Class F Notes and the 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, 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 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 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**") has, pursuant to the terms of a subscription agreement dated 27 November 2007 (the "**Subscription Agreement**") between the Issuer, the Originators, Morgan Stanley & Co. International plc and Barclays Capital, the Investment Banking Division of Barclays Bank PLC (together, the "**Managers**") 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; and

(f) the Class F Notes at the issue price of 100 per cent. of their initial principal amount,

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 compte 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 in compliance with the provisions of the Market Abuse (Directive 2005/6/EC) Regulations 2005 of Ireland and 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 Directive 2004/39/EC and the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (the "**2007 Regulations**") and has complied and will comply with any applicable codes of conduct or practice.

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 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, ABN AMRO BANK N.V. (LONDON BRANCH), 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 ABN AMRO BANK N.V. (LONDON BRANCH) OR OF SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (AND ANY PAYMENT HEREIN IS MADE TO ABN AMRO BANK N.V. (LONDON BRANCH). 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 19 November 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. Application has been made 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	973210 AA5	XS0330752436	US973210AA51	033075243	033111932
Class X	973210 AB3	XS0330852145	US973210AB35	033085214	033121164
Class B	973210 AC1	XS0330752782	US973210AC18	033075278	033113153
Class C	973210 AD9	XS0330752949	US973210AD90	033075294	033113234
Class D	973210 AE7	XS0330753244	US973210AE73	033075324	033114214
Class E	973210 AF4	XS0330753590	US973210AF49	033075359	033114354
Class F	973210 AG2	XS0330753673	US973210AG22	033075367	033114494

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 21 May 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 Paying Agent within the European Union from the date of this document for so long as the Notes remain listed:

    (a) the Memorandum and Articles of Association of the Issuer;

(b) prior to the Closing Date, drafts (subject to modification), and after the Closing Date, copies of the following documents:

(i) the Trust Deed;

(ii) the Terms and Conditions of the Notes;

(iii) the Issuer Security Documents; and

(iv) the constitutional documents of the Haussmann Borrower;

(v) the audited financial statements of the Haussmann Borrower for the period from 30 September 2005 to 31 December 2006 and 1 October 2004 to 30 September 2005; and

(vi) 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	Fitch	Moody's	S&P
Class A	AAA	Aaa	AAA
Class X	AAA	NR	NR
Class B	AA	Aa3	AA
Class C	A	NR	A
Class D	A	NR	BBB
Class E	BBB	NR	BBB
Class F	BBB	NR	BBB-

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 or the 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 XIV 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 21 May 2007 with registered number 439978, 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 "**Issuer Share Trustee**") under the terms of a declaration of trust (the "**Issuer Share Trust**") dated 2 November 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 2 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 and the Italian Notes for the Italian Issuer in accordance with and pursuant to the terms of the Loan Sale Agreements.

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 Share Capital 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 KPMG, 2 Harbourmaster Place, IFSC, Dublin 1, 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.

APPENDIX 2

FINANCIAL STATEMENTS OF THE HAUSSMANN BORROWER

Financial Statements for the period from 30 September 2005 to 31 December 2006[1]

[1] These financial statements are certified translations of the original financial statements prepared in French. The original financial statements follow the certified translations below.

SOCIÉTÉ IMMOBILIÈRE PRIVAT

Private limited liability company with capital of €799,920
Registered office at 2 rue de la Fraternelle, 69009 Lyon, France
Lyon Trade and Companies Register No. 971.500.467

STATUTORY AUDITORS' REPORT ON THE LIMITED REVIEW OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2006

COMMISSARIAT CONTROLE AUDIT – C.C.A.
43 rue de la Bourse
69002 Lyon
France

REQUET MABRO
Commissariat aux comptes
24 chemin des Verrières
69260 Charbonnières
France

COMMISSARIAT CONTROLE
AUDIT – C.C.A.
43 rue de la Bourse
69002 Lyon
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SOCIÉTÉ IMMOBILIÈRE PRIVAT

Private limited liability company with capital of €799,920
Registered office at 2 rue de la Fraternelle, 69009 Lyon, France
Lyon Trade and Companies Register No. 971.500.467

STATUTORY AUDITORS' REPORT ON THE LIMITED REVIEW OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2006

Dear Sir/Madam,

In our capacity as the Statutory Auditors of SOCIETE ANONYME DES DOCKS LYONNAIS, we performed a limited review of the attached financial statements of SOCIETE IMMOBILIERE PRIVAT SARL for the fiscal year from 1 April 2006 to 31 December 2006.

These financial statements were prepared by the company's manager and approved by the sole shareholder on 11 June 2007.

We conducted our limited review in accordance with professional standards applicable in France. Under these standards, a limited review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit but allows us to obtain reasonable assurance, although to a lesser degree than an audit, that the financial statements do not contain any significant anomalies.

Based on our limited review, we certify that the financial statements were prepared in accordance with French generally accepted accounting principles, are free from material

misstatement, and provide a true picture of the company's operations, assets, liabilities, and financial position at the end of the period.

Without calling into question the opinion above, we draw your attention to Note 103 of the financial statements regarding the following change in accounting method:

– SOCIETE IMMOBILIERE PRIVAT adopted SIIC status on 28 April 2006, effective as of 1 April 2006, and consequently revalued its assets on 1 April 2006.

Prepared at Lyon on 11 September 2007

The Statutory Auditors

COMMISSARIAT CONTROLE AUDIT C.C.A.
Represented by

Bernard Chabanel

REQUET MABRO Commissariat aux comptes
Represented by

Pascal Levieux

BALANCE SHEET **ASSETS I**	line	Period from 1 April 2006 to 31 Dec. 2006	Period from 1 Oct. 2005 to 31 March 2006
NON-CURRENT ASSETS			
FINANCIAL NON-CURRENT ASSETS			
Equity interests			
- 3,164 shares in SCI BOURG VENISSIEUX		273,843.00	56,553.49
- 12,000 shares in S.C.I.F.E.C.		3,445,804.00	1,612,788.64
- 50 shares in SCI EVA 1		49,108.00	400.00
- 18,339 shares in A.L.L.T.I.		799,580.00	269,533.38
- 850 shares in LPGI		0.00	12,958.16
- 656,000 shares in SCI Immoscize Première		1,826,883.00	1,000,065.55
	CU	**6,395,218.00**	**2,952,299.22**
Provision for LPGI shares		0.00	12,958.16
Provision for Allti shares		183,390.00	0.00
	CV	**183,390.00**	**12,958.16**
Receivables related to equity interests			
LPGI		0.00	18,215.63
SCI EVA 1		83,000.00	84,000.00
SCI 12 L. LOUCHEUR		6,048.98	6,048.98
SCIFEC dividend		300,000.00	0.00
SCI BV dividend		10,441.20	0.00
	BB	**399,490.18**	**108,264.61**
Provision for LPGI current account		0.00	18,215.63
Provision for current accounts		0.00	0.00
		0.00	**18,215.63**
Other investment securities			
- 10 shares in I.F.D.L.		51,993.00	152.45
- 1 share in SCI CAP WEST		1.00	0.00
- 1 share in SCI SI 1		1.00	0.00
- 1 share in SCI SI 2		1.00	0.00
- 1 share in SCI MS CAPITOLE		0.10	0.00
- 1 share in SCI 12 L. LOUCHEUR		14,037.00	15.24
	BD	**66,033.10**	**167.69**
	BH	0.00	0.00
TOTAL NON-CURRENT ASSETS	BJ	**6,860,741.28**	**3,060,731.52**
TOTAL PROVISIONS	BK	**183,390.00**	**31,173.79**
NET NON-CURRENT ASSETS		**6,677,351.28**	**3,029,557.73**

BALANCE SHEET **ASSETS II**	line	Period from 1 April 2006 to 31 Dec. 2006	Period from 1 Oct. 2005 to 31 March 2006
CURRENT ASSETS			
OTHER RECEIVABLES			
Income tax to be refunded		1,123.00	1,469.00
Income tax receivable on depreciation			
and amortisation by parts		0.00	0.00
Other debtors and creditors			
- Docks Lyonnais current account		295,330.84	365,366.51
TOTAL OTHER RECEIVABLES	BZ	**296,453.84**	**366,835.51**
Provision for receivables	CA	0.00	0.00
TRANSFERABLE SECURITIES			
Unlisted securities - PIL		56,025.01	56,025.01
ORT bonds and UCITs		0.00	249,955.08
TOTAL TRANSFERABLE SECURITIES	CD	**56,025.01**	**305,980.09**
Impairment of securities	CE	0.00	0.00
NET TRANSFERABLE SECURITIES		**56,025.01**	**305,980.09**
CASH AND CASH EQUIVALENTS			
- Crédit Lyonnais		2,922.45	4,444.67
- Ofivalmo		0.00	0.00
TOTAL BANK ACCOUNTS	CF	**2,922.45**	**4,444.67**
PREPAID EXPENSES			
- SCI income tax		0.00	0.00
	CH	0.00	0.00
TOTAL ASSETS	CO	**7,216,142.58**	**3,737,991.79**
TOTAL PROVISION/AMORT.	1A	**183,390.00**	**31,173.79**
NET ASSETS		**7,032,752.58**	**3,706,818.00**

BALANCE SHEET **EQUITY AND LIABILITIES**	line	Period from 1 April 2006 to 31 Dec. 2006	Period from 1 Oct. 2005 to 31 March 2006
EQUITY			
Share capital	DA	799,920.00	799,920.00
Issue premium	DB	1,949,261.47	1,949,261.47
Merger premium	DB	103,313.10	103,313.10
SIIC revaluation reserve	DC	3,044,959.25	0.00
Legal reserve	DD	79,992.00	79,992.00
Other reserves	DG	196,204.81	196,204.81
Retained earnings	DH	177,577.22	125,145.38
Profit from the period	DI	323,938.73	452,391.84
TOTAL EQUITY	DL	**6,675,166.58**	**3,706,228.60**
LIABILITIES			
Borrowings			
- SCI SI 2 current account		1.00	0.00
-		0.00	0.00
	DV	**1.00**	**0.00**
Trade payables			
- IENAVAL	DX	0.00	478.40
Tax liabilities			
- SIIC income tax		357,585.00	0.00
- Professional tax		0.00	111.00
- Corporate income tax		0.00	0.00
	DY	**357,585.00**	**111.00**
TOTAL LIABILITIES	EC	**357,586.00**	**589.40**
TOTAL EQUITY AND LIABILITIES	EE	**7,032,752.58**	**3,706,818.00**

INCOME STATEMENT I	line	Period from 1 April 2006 to 31 Dec. 2006	Period from 1 Oct. 2005 to 31 March 2006	SIIC Eligible	Not SIIC Eligible
OPERATING EXPENSES					
Other external expenses					
- Property rental		164.07	109.38	0.00	164.07
- Fees paid to Cofra, Ienaval, and DL		1,435.20	956.80	0.00	1,435.20
- Fees paid to Actua and Juris		1,116.60	2,354.80	0.00	1,116.60
- Fees for deeds		84.60	1,357.97	0.00	84.60
- Travel expenses		0.00	263.92	0.00	0.00
- Fees for banks and investments		84.92	0.00	0.00	84.92
Total external expenses	FW	**2,885.39**	**5,042.87**	**0.00**	**2,885.39**
Income and other taxes					
- Professional tax		347.00	227.00	-	347.00
-		0.00	0.00	0.00	0.00
Total income and other taxes	FX	**347.00**	**227.00**	**0.00**	**347.00**
Bad debt write-off	GE	0.00	0.00	0.00	0.00
Total operating expenses	GF	**3,232.39**	**5,269.87**	**0.00**	**3,232.39**
Operating profit/loss	GG	**- 3,232.39**	**- 5,269.87**	**0.00**	**- 3,232.39**
Profit from SEP	GI	0.00	0.00	0.00	0.00
Financial income					
- Distribution from SCI FEC		300,000.00	624,000.00	300,000.00	0.00
- Distribution from SCI Bourg Venissieux		10,441.20	14,079.80	10,441.20	0.00
- Distribution from EVA 1		0.00	1,000.00	0.00	0.00
- Allti parent/subsidiary		183,390.00	0.00	0.00	183,390.00
	GJ	**493,831.20**	**639,079.80**	**310,441.20**	**183,390.00**
Income from PIL	GK	**10,770.00**	**4,762.00**	**0.00**	**10,770.00**
Other interest and related income					
- Interest from Docks Lyonnais current account		9,042.00	421.20	0.00	9,042.00
		0.00	0.00	0.00	0.00
	GL	**9,042.00**	**421.20**	**0.00**	**9,042.00**
Provision reversal on current account impairment		18,215.63	0.00	0.00	18,215.63
Provision reversal on investment securities		12,958.16	0.00	0.00	12,958.16
Total provision reversals	GM	**31,173.79**	**0.00**	**0.00**	**31,173.79**
Net income from equity interests	GO	**2,173.52**	**3,942.71**	**0.00**	**2,173.52**
Total financial income	GP	**546,990.51**	**648,205.71**	**310,441.20**	**236,549.31**

INCOME STATEMENT I	line	Period from 1 April 2006 to 31 Dec. 2006	Period from 1 Oct. 2005 to 31 March 2006	SIIC Eligible	Not SIIC Eligible
Financial expenses					
Provision for Allti shares		183,390.00	0.00	0.00	183,390.00
Total financial provisions	CQ	**183,390.00**	**0.00**	**0.00**	**183,390.00**
Interest and related expenses					
- Banking fees		0.00	0.00	0.00	0.00
Gain (loss) on equity securities		18,215.53	0.00	0.00	18,215.53
Allocation of SCI profit		0.00	0.00	0.00	0.00
	GR	**18,215.53**	**0.00**	**0.00**	**18,215.53**
Total financial expenses	GU	**201,605.53**	**0.00**	**0.00**	**201,605.53**
Financial profit	GV	**345,384.88**	**648,205.71**	**310,441.20**	**34,943.68**
Pre-tax current income		**342,152.49**	**642,935.84**	**310,441.20**	**31,711.29**
Non-recurring income					
Miscellaneous income		1,328.40	0.00	0.00	1,328.40
	HA	**1,328.40**	**0.00**	**0.00**	**1,328.40**
Total non-recurring income		**1,328.40**	**0.00**	**0.00**	**1,328.40**
Non-recurring expenses					
Immo.Fin book value		12,958.16	0.00	0.00	12,958.16
	HF	**12,958.16**	**0.00**	**0.00**	**12,958.16**
Total non-recurring expenses		**12,958.16**	**0.00**	**0.00**	**12,958.16**
Non-recurring profit		**- 11,629.76**	**0.00**	**0.00**	**- 11,629.76**
Profit		**330,522.73**	**642,935.84**	**310,441.20**	**20,081.53**
Positive income tax adjustments					
- Immoscize 1		0.00	0.00	0.00	0.00
- SCI FEC		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
Income tax provisions					
- Immoscize Première		0.00	19,037.00	0.00	0.00
- SCI FEC		0.00	98,491.00	0.00	0.00
- Amortisation by parts 1/5		0.00	42,189.00	0.00	0.00
- CF SCI Loucheur		0.00	0.00	0.00	0.00
- Corporate income tax		6,584.00	30,827.00	0.00	6,584.00
		6,584.00	**190,544.00**	**0.00**	**6,584.00**
Total income tax	HK	6,584.00	190,544.00	0.00	6,584.00
Total income	HL	**548,318.91**	**648,205.71**	**310,441.20**	**237,877.70**
Total expenses	HM	**224,380.18**	**195,813.87**	**0.00**	**224,380.18**
Profit for the period	HN	**323,938.73**	**452,391.84**	**310,441.20**	**13,497.58**

Notes to the Financial Statements at 31 December 2006

These notes accompany the attached balance sheet and income statement for the nine-month fiscal year from 1 April 2006 to 31 December 2006; the previous fiscal year covered the six months from 1 October 2005 to 31 March 2006. The balance sheet (before allocation) at 31 December 2006 shows total assets of €7,032,753, and the income statement shows a net profit of €323,938.73 from total income of €548,319.

1. ACCOUNTING METHODS

101. Significant events of the period

On 28 April 2006, the company adopted the tax regime set forth in Article 208C of the French General Tax Code, effective as of 1 April 2006.

102. Accounting methods

The company follows the accounting methods specified in the French Commercial Code. These generally accepted accounting principles are applied in accordance with the regulations governing the presentation of financial statements, and consistent with the prudence principle and the following basic assumptions:

- Continuity of operations;
- Consistent accounting methods from one fiscal year to the next, except for the change in accounting method discussed below; and
- Independent account periods.

The company values items in its accounts at historical cost.

103. Change in accounting method

The company adopted SIIC (*Société d'Investissements Immobiliers Cotée*) status on 28 April 2006 with retroactive effect on 1 April 2006. This status entails the following:

- The company must pay an exit tax of 16.5% of its revalued assets, after which its eligible assets will be exempt from French corporate income tax on revenue and capital gains;
- At least 85% of the company's earnings from property rentals in one fiscal year must be distributed before the end of the next fiscal year; and
- At least 50% of the company's gains on the sale of property, shares in fiscally transparent property investment companies, or shares in subsidiaries subject to French corporate income tax must be distributed before the end of the second fiscal year following the sale.

SI PRIVAT SARL revalued its financial assets following the adoption of SIIC status, which resulted in the following significant restatements:

Equity securities	€3,456,000
Other investment securities	€66,000
SIIC income tax	(€477,000)
Total revaluation adjustment	€3,045,000

2. NOTES TO THE BALANCE SHEET

201. Financial non-current assets

Type Type	Gross value at 31 March 2006	Increase	Decrease	Change in accounting method	Gross value at 31 Dec. 2006
Equity interests	2,952	0	13	3,456	6,395
Receivables related to equity interests	108	310	19	0	399
Investment securities	1			66	67
Total	3,061	310	32	3,522	6,861

The company's financial non-current assets were revalued when its SIIC status became effective on 1 April 2006. Impairment provisions were recognised if an asset's useful value was determined to be less than its book value, most notably for distributions.

202. Receivables
All of the company's receivables are due within one year.

203. Equity
The company's share capital totalled €799,920 at 31 December 2006, comprised of 99,990 fully paid-up shares with a par value of €8. A dividend of €399,960 was paid for the fiscal year.

204. Liabilities
€238,390 of the company's liabilities have a remaining maturity of over one year. The company's exit tax liability is payable over four years, with an instalment due on 15 December of each year. A first instalment of €119,195 was paid on 15 December 2006.

3. NOTES TO THE INCOME STATEMENT (thousand €)

301. Financial income
The company's financial income from equity interests totalled €494,000 during the fiscal year.

302. Table of subsidiaries and equity interests at 31 December 2006 (thousand €)

COMPANIES	Capital	Reserves and retained earnings (before profit allocation)	Ownership stake (%)	Book value		Unpaid loans and advances given	Fiscal year revenue (pre-tax)	Fiscal year profit (loss)	Fiscal year dividend received	Fiscal year closing date
				Gross	Net					
I. Detailed information										
A. Subsidiaries										
S.C.I.F.E.C. 2 Rue de la Fraternelle, 69009 Lyon	360	8	50.00	4,039	4,039	-	426	596	300	31.12.06
SCI Bourg Venissieux 2 Rue de la Fraternelle, 69009 Lyon	161	1	21.57	273	273	-	72	48	10	31.12.06
S.A. A.L.L.T.I. 2 Rue de la Fraternelle, 69009 Lyon	110	71	33.34	800	800	-	382	112	183	31.12.06
SCI IMMOSCIZE PREMIERE 2 Rue de la Fraternelle, 69009 Lyon	1,990	- 96	50.26	1,827	1,827	-	100	8		31.12.06
S.C.I. EVA 1 2 Rue de la Fraternelle, 69009 Lyon	8	523	5.00	49	49	83	122	15		31.12.06
II. Overall information										
Other investment securities				66	66	6				31.12.06

" SOCIETE IMMOBILIERE PRIVAT "

Société à responsabilité limitée au capital de 799 920 euros
Siège social à LYON (69009) : 2 rue de la Fraternelle
971.500.467 RCS LYON

RAPPORT DES COMMISSAIRES AUX COMPTES

SUR L'EXAMEN LIMITE DES COMPTES ARRETES AU 31 DECEMBRE 2006

COMMISSARIAT CONTROLE
AUDIT - C. C. A.
43 rue de la Bourse
69002 LYON

REQUET MABRO
Commissariat aux comptes
24 chemin des Verrières
69260 CHARBONNIERES

COMMISSARIAT CONTROLE
AUDIT - C. C. A.
43 rue de la Bourse
69002 LYON

REQUET MABRO
Commissariat aux comptes
24 chemin des Verrières
69260 CHARBONNIERES

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RAPPORT DES COMMISSAIRES AUX COMPTES

SUR L'EXAMEN LIMITE DES COMPTES ARRETES AU 31 DECEMBRE 2006

Mesdames, Messieurs,

A la suite de la demande qui nous a été faite et en notre qualité de commissaire aux comptes de la SOCIETE ANONYME DES DOCKS LYONNAIS, nous avons effectué un examen limité des comptes annuels de la filiale SOCIETE IMMOBILIERE PRIVAT SARL relatifs à la période du 1er avril 2006 au 31 décembre 2006, tels qu'ils sont joints au présent rapport,

Ces comptes ont été établis par le gérant et approuvés par l'associé unique en date du 11 juin 2007.

Nous avons effectué cet examen selon les normes professionnelles applicables en France ; ces normes requièrent la mise en œuvre de diligences limitées conduisant à une assurance, moins élevée que celle résultant d'un audit, que les comptes annuels ne comportent pas d'anomalies significatives. Un examen de cette nature ne comprend pas tous les contrôles propres à un audit, mais se limite à mettre en œuvre des procédures analytiques et à obtenir des dirigeants et de toute personne compétente les informations que nous avons estimées nécessaires.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause, au regard des règles et principes comptables français, la régularité et la sincérité des comptes annuels, et l'image fidèle qu'ils donnent du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur la note 103 de l'annexe concernant un changement de méthode comptable :

- la SOCIETE IMMOBILIERE PRIVAT, ayant opté pour le statut SIIC le 28 avril 2006, avec effet au 1er avril 2006, a réévalué ses actifs au 1er avril 2006.

FAIT A LYON, LE 11 SEPTEMBRE 2007

LES COMMISSAIRES AUX COMPTES

COMMISSARIAT CONTROLE AUDIT
C.C.A.
représenté par

Bernard CHABANEL

REQUET MABRO
Commissariat aux comptes
représenté par

Pascal LEVIEUX

BILAN ACTIF 1	lign	EXERCICE 01.04.2006 31.12.2006	EXERCICE 01.10.2005 31.03.2006
ACTIF IMMOBILISE			
IMMOBILISATIONS FINANCIERES			
Titres de participation			
- 3.164 parts SCI BOURG VENISSIEUX		273 843,00	56 553,49
- 12.000 parts S.C.I.F.E.C.		3 445 804,00	1 612 788,64
- 50 parts SCI EVA 1		49 108,00	400,00
- 18.339 actions A.L.L.T.I.		799 580,00	269 533,38
- 850 parts LPGI		0,00	12 958,16
-656.000 parts SCI IMMOSCIZE 1°		1 826 883,00	1 000 065,55
	CU	6 395 218,00	2 952 299,22
Provision titres LPGI		0,00	12 958,16
Provision titres ALLTI		183 390,00	0,00
	CV	183 390,00	12 958,16
Créances rattachées à des part.			
LPGI		0,00	18 215,63
SCI EVA 1		83 000,00	84 000,00
SCI 12 L.LOUCHEUR		6 048,98	6 048,98
Dividende SCIFEC à recevoir		300 000,00	0,00
Dividende SCI BV à recevoir		10 441,20	0,00
	BB	399 490,18	108 264,61
Provision C/C LPGI		0,00	18 215,63
Provision C/C		0,00	0,00
	BC	0,00	18 215,63
Autres Titres Immobilisées			
- 10 parts I.F.D.L.		51 993,00	152,45
- 1 PART SCI CAP WEST		1,00	0,00
- 1 PART SCI SI 1		1,00	0,00
- 1 PART SCI SI 2		1,00	0,00
- 1 PART SCI MS CAPITOLE		0,10	0,00
- 1 part SCI 12 L. LOUCHEUR		14 037,00	15,24
	BD	66 033,10	167,69
	BH	0,00	0,00
TOTAL ACTIF IMMOBILISE BRUT	BJ	6 860 741,28	3 060 731,52
TOTAL DES PROVISIONS	BK	183 390,00	31 173,79
TOTAL ACTIF IMMOBILISE NET		6 677 351,28	3 029 557,73

BILAN ACTIF II	lign	EXERCICE 01.04.2006 31.12.2006	EXERCICE 01.10.2005 31.03.2006
ACTIF CIRCULANT			
AUTRES CREANCES :			
Etat : IS à se faire rembourser		1 123,00	1 469,00
Impôt à recevoir sur amort par composants		0,00	0,00
Débiteurs et Créditeurs divers:			
- Compte courant DOCKS LYONNAIS		295 330,84	365 366,51
TOTAL DES AUTRES CREANCES	BZ	296 453,84	366 835,51
Provision Créance	CA	0,00	0,00
VALEURS MOBIL. DE PLCTS.			
Titres de placements non cotés - PIL		56 025,01	56 025,01
Obligations-ORT et Sicav		0,00	249 955,08
TOTAL VALEURS MOB. PLCTS.	CD	56 025,01	305 980,09
Provision Dépréc. Titres Plcts.	CE	0,00	0,00
TOTAL VALEURS MOB. PLCTS. NET.		56 025,01	305 980,09
DISPONIBILITES			
- Crédit Lyonnais		2 922,45	4 444,67
- OFIVALMO		0,00	0,00
TOTAL DES BANQUES	CF	2 922,45	4 444,67
CHARGES CONSTATEES AVANCE :			
- Impôt Résultat S.C.I.		0,00	0,00
	CH	0,00	0,00
TOTAL ACTIF BRUT	CO	7 216 142,58	3 737 991,79
TOTAL AMORT. PROV.	1A	183 390,00	31 173,79
TOTAL ACTIF NET		7 032 752,58	3 706 818,00

BILAN PASSIF	lign	EXERCICE 01.04.2006 31.12.2006	EXERCICE 01.10.2005 31.03.2006
CAPITAUX PROPRES			
CAPITAL SOCIAL	DA	799 920,00	799 920,00
PRIME D'EMISSION	DB	1 949 261,47	1 949 261,47
PRIME DE FUSION	DB	103 313,10	103 313,10
RESERVE REEVALUATION SIIC	DC	3 044 959,25	0,00
RESERVE LEGALE	DD	79 992,00	79 992,00
AUTRES RESERVES	DG	196 204,81	196 204,81
REPORT A NOUVEAU	DH	177 577,22	125 145,38
RESULTAT DE L'EXERCICE	DI	323 938,73	452 391,84
TOTAL DES CAPITAUX PROPRES	DL	6 675 166,58	3 706 228,60
DETTES			
Emprunts et dettes financières diverses :			
- C/C SCI SI 2		1,00	0,00
-		0,00	0,00
	DV	1,00	0,00
DETTES FOURNISSEURS			
- IENAVAL	DX	0,00	478,40
DETTES FISCALES :			
- IS SIIC a payer		357 585,00	0,00
- Taxe Professionnelle		0,00	111,00
- Impôt Société -		0,00	0,00
	DY	357 585,00	111,00
TOTAL DES DETTES	EC	357 586,00	589,40
TOTAL DU PASSIF	EE	7 032 752,58	3 706 818,00

COMPTE DE RESULTAT I	lign	EXERCICE 01.04.2006 31.12.2006	EXERCICE 01.10.2005 31.03.2006	ELIGIBLE SIIC	NON ELIGIBLE SIIC
CHARGES D'EXPLOITATION					
AUTRES CHARGES EXTERNES :					
- Location Immobilière		164,07	109,38	0,00	164,07
- Honoraires : COFRA-IENAVAL-DL		1 435,20	956,80	0,00	1 435,20
: ACTUA-JURIS		1 116,60	2 354,80	0,00	1 116,60
- Frais d'actes		84,60	1 357,97	0,00	84,60
- Frais de déplacement		0,00	263,92	0,00	0,00
- Frais sur Titres et Banques		84,92	0,00	0,00	84,92
TOTAL AUTRES CHARGES EXTERNES	FW	2 885,39	5 042,87	0,00	2 885,39
IMPOTS ET TAXES					
- Taxe Professionnelle		347,00	227,00	0,00	347,00
-		0,00	0,00	0,00	0,00
TOTAL IMPOTS ET TAXES	FX	347,00	227,00	0,00	347,00
Perte/créance.irrécouvrable clients	GE	0,00	0,00	0,00	0,00
TOTAL CHARGES D'EXPLOITATION	GF	3 232,39	5 269,87	0,00	3 232,39
RESULTAT D'EXPLOITATION	GG	-3 232,39	-5 269,87	0,00	-3 232,39
Résultat sur la SEP	GI	0,00	0,00	0,00	0,00
PRODUITS FINANCIERS					
- Distri.- S.C.I.F.E.C.		300 000,00	624 000,00	300 000,00	0,00
- Distri.- S.C.I. B-V		10 441,20	14 079,80	10 441,20	0,00
- Distri.- S.C.I. EVA 1		0,00	1 000,00	0,00	0,00
- A.L.L.T.I.Mère/filiale		183 390,00	0,00	0,00	183 390,00
	GJ	493 831,20	639 079,80	310 441,20	183 390,00
Revenu des PIL	GK	10 770,00	4 762,00	0,00	10 770,00
AUTRES INT ET PROD. ASS.					
- Intérêts - C/C DOCKS LYONNAIS		9 042,00	421,20	0,00	9 042,00
-		0,00	0,00	0,00	0,00
	GL	9 042,00	421,20	0,00	9 042,00
Reprise Provision dépréc. C/C		18 215,63	0,00	0,00	18 215,63
Reprise Provision sur titres		12 958,16	0,00	0,00	12 958,16
Total Reprise Provisions	GM	31 173,79	0,00	0,00	31 173,79
Produits nets sur titres	GO	2 173,52	3 942,71	0,00	2 173,52
TOTAL DES PRODUITS FINANCIERS	GP	546 990,51	648 205,71	310 441,20	236 549,31

COMPTE DE RESULTAT I	lign	EXERCICE 01.04.2006 31.12.2006	EXERCICE 01.10.2005 31.03.2006	ELIGIBLE SIIC	NON ELIGIBLE SIIC
CHARGES FINANCIERES					
Dot Prov titres ALLTI		183 390,00	0,00	0,00	183 390,00
Dotations Financières aux Provisions	GQ	183 390,00	0,00	0,00	183 390,00
Intérêts et charges assim.					
Agios bancaires		0,00	0,00	0,00	0,00
Pertes/Créances liées particip :		18 215,63	0,00	0,00	18 215,63
Affec Résul sci		0,00	0,00	0,00	0,00
	GR	18 215,63	0,00	0,00	18 215,63
TOTAL DES CHARGES FINANCIERES	GU	201 605,63	0,00	0,00	201 605,63
RESULTAT FINANCIER	GV	345 384,88	648 205,71	310 441,20	34 943,68
RESULTAT COURANT AVANT IS	GW	342 152,49	642 935,84	310 441,20	31 711,29
PRODUITS EXCEPTIONNELS					
Produits divers		1 328,40	0,00	0,00	1 328,40
	HA	1 328,40	0,00	0,00	1 328,40
TOTAL PRODUITS EXCEPTIONNELS		1 328,40	0,00	0,00	1 328,40
CHARGES EXCEPTIONNELLES					
Val. comptable immo.Fin		12 958,16	0,00	0,00	12 958,16
	HF	12 958,16	0,00	0,00	12 958,16
TOTAL CHARGES EXCEPTIONNELLES	HH	12 958,16	0,00	0,00	12 958,16
RESULTAT EXCEPTIONNEL		-11 629,76	0,00	0,00	-11 629,76
RESULTAT D'ENTREPRISE		330 522,73	642 935,84	310 441,20	20 081,53
Régul Impôt positif :					
- Impôt Résultat IMMOSCIZE 1°		0,00	0,00	0,00	0,00
- Impôt Résultat S.C.I.F.E.C.		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
Dotation provision pour impôt et IS :					
- Impôt Résultat IMMOSCIZE 1°		0,00	19 037,00	0,00	0,00
- Impôt Résultat S.C.I.F.E.C.		0,00	98 491,00	0,00	0,00
- Impôt amort composants 1/5		0,00	42 189,00	0,00	0,00
- IS CF SCI LOUCHEUR		0,00	0,00	0,00	0,00
- Impôt société		6 584,00	30 827,00	0,00	6 584,00
		6 584,00	190 544,00	0,00	6 584,00
IMPOT SUR LES BENEFICES	HK	6 584,00	190 544,00	0,00	6 584,00
TOTAL DES PRODUITS	HL	548 318,91	648 205,71	310 441,20	237 877,71
TOTAL DES CHARGES	HM	224 380,18	195 813,87	0,00	224 380,18
BENEFICE DE L'EXERCICE	HN	323 938,73	452 391,84	310 441,20	13 497,53

ANNEXE AUX COMPTES CLOS LE 31 DECEMBRE 2006

Annexe au bilan avant répartition, de l'exercice clos le 31 Décembre 2006, dont le total est de 7.032.753 €, et au compte de résultat de l'exercice, dont le total des produits est de 548.319 €, et dégageant un bénéfice de 323.938,73 €.
L'exercice a une durée exceptionnelle de neuf mois contre six mois pour l'exercice précédent, couvrant la période du 1er Avril 2006 au 31 Décembre 2006.

1 - REGLES ET METHODES COMPTABLES

101- Evènements de l'Exercice

La société a adoptée pour le régime visé à l'article 208 C du Code général des impôts en date du 28 avril 2006, avec effet au 1er avril 2006.

102- Règles et méthodes comptables

Les règles et les méthodes comptables respectent le Code de commerce.
Les conventions générales comptables ont été appliquées, dans le respect du principe de prudence, conformément aux hypothèses de bases :

- continuité de l'exploitation
- permanence de méthodes comptables d'un exercice à l'autre, sauf changement décrit ci-dessous
- indépendance des exercices

et conformément aux règles générales d'établissement et de présentation des comptes annuels.

La méthode de base retenue pour l'évaluation des éléments inscrits en comptabilité est la méthode des coûts historiques.

103- Changement de méthodes comptables

La Société a opté pour le statut des sociétés d'investissements immobiliers cotées (SIIC) le 28 avril 2006, avec effet au 1er avril 2006. Ce statut prévoit notamment :

- moyennant le versement d'une « exit taxe » de 16,5% calculée sur la base réévaluée des actifs, que les actifs éligibles sont libérés totalement de l'impôt société ultérieur sur leurs revenus et leurs plus values de cession,

- qu'au moins 85% des bénéfices provenant des opérations de location d'immeubles doivent être distribués avant la fin de l'exercice qui suit celui de leur réalisation,

- et qu'au moins 50% des plus-values de cession d'immeubles, des parts de sociétés immobilières fiscalement transparentes ou de titres de filiales soumises à l'impôt sur les sociétés ayant opté, doivent être distribuées avant la fin du deuxième exercice qui suit celui de leur réalisation.

SI PRIVAT SARL a opté pour le statut SIIC et a donc réévalué ses Actifs financiers.
Les principaux impacts sont :

Titres de participations : 3.456 K€
Autres titres immobilisés : 66 K€
Impôt SIIC : (477) K€

Ecart de Réévaluation : 3.045 K€

2 - NOTES SUR LE BILAN (en milliers d'euros : K€)

201 - Immobilisations financières

EVOLUTION DES IMMOBILISATIONS FINANCIERES

TYPE	Valeur brute au 31.03.2006	Augment	Dimin	Changement de Méthode	Valeur brute au 31.12.2006
Titres de participation	2.952	0	13	3.456	6.395
C/C Entreprises liées	108	310	19	0	399
Titres immobilisés	1			66	67
TOTAL	3.061	310	32	3.522	6.861

Les immobilisations financières ont été réévaluées lors du passage en SIIC au 1er avril 2006.
S'il y a lieu, une provision pour dépréciation est constituée si la valeur d'utilité devient inférieure à la valeur comptable, notamment en raison de distribution.

202- Créances

La totalité des créances est à échéance inférieure à un an.

203 – Capitaux Propres

Le capital de la Société est de 799.920 € divisé en 99.990 parts de 8 € entièrement libérées.
Un dividende de 399.960 € a été versé sur l'exercice.

204 - Dettes

Les dettes sont constituées de l'exit tax qui est payé sur 4 ans le 15 décembre de chaque année. Un premier acompte de 119.195 € a été réglé sur l'exercice.
Elles comprennent 238.390 € à plus d'un an.

3 - NOTES SUR LE COMPTE DE RESULTAT (en milliers d'euros K€)

301 - Produits financiers

Les produits financiers relatifs aux entreprises liées, sont des revenus des participations pour 494 K€.

302 - Renseignement concernant les filiales et les participations au 31 Décembre 2006

(en milliers d'euros)

SOCIÉTÉS	Capital	Réserves et report à nouv. avant affectation des résultats	Quote-part de capital détenue en %	Valeur comptable des titres détenus		Prêts et avances consentis par la Sté non encore remboursés	Chiffre d'affaires HT du dernier exercice écoulé	Bénéfice ou perte du dernier exercice clos	Divid. Comptabi par la Sté au cours de l'exercice	Observ. Date de clôture
				Brute	Nette					
I – Renseignements détaillés **A – Filiales**										
S.C.I.F.E.C. 2 rue de la Fraternelle Lyon 9ème	360	8	50,00	4.039	4.039	-	426	596	300	31.12.06
SCI BOURG VENISSIEUX 2 rue de la Fraternelle Lyon 9ème	161	1	21,57	273	273	-	72	48	10	31.12.06
S.A. A.L.L.T.I. 2 rue de la Fraternelle Lyon 9ème	110	71	33,34	800	800	-	382	112	183	31.12.06
S.C.I. IMMOSCIZE PREMIÈRE 2 rue de la Fraternelle Lyon 9ème	1.990	- 96	50,26	1.827	1.827	-	100	8	-	31.12.06
S.C.I. EVA 1 2 rue de la Fraternelle Lyon 9ème	8	523	5,00	49	49	83	122	15	-	31.12.06
II – Renseignements globaux Autres Titres immobilisés				66	66	6				31.12.06

Financial Statements for the period from 1 October 2004 to 30 September 2005[1]

[1] These financial statements are certified translations of the original financial statements prepared in French. The original financial statements follow the certified translations below.

cerfa N° 11937*03

Compulsory form (article 53A of the General Tax Code).

1

BALANCE SHEET- ASSETS

D.G.I. N° 2050 5

Company name: SARL S.I.PRIVAT — Duration of the accounting period in months*: 12

Company address: 2 RUE DE LA FRATERNELLE - 69009 LYON — Duration of previous accounting period*: 12

SIRET No.*: 97150046700024 — APE Code: 702A

				Year N, closing on: 30 09 2005			N-1 30 09 2004
				Gross	Depreciation, provisions	Net	Net
		Capital subscribed - not called (I)	AA			0	
NON CURRENT ASSETS*	INTANGIBLE NON CURRENT ASSETS	Formation costs*	AB		AC	0	
		Research and development expenses	AD		AE	0	
		Concessions, patents and similar rights and assets	AF		AG	0	
		Goodwill (1)	AH		AI	0	
		Other intangible non current assets	AJ		AK	0	
		Prepayments on intangible non current assets	AL		AM	0	
	TANGIBLE NON CURRENT ASSETS	Land	AN		AO	0	
		Buildings	AP		AQ	0	
		Plant, machinery and equipment	AR		AS	0	
		Other tangible non current assets	AT		AU	0	
		Non current assets in course of construction	AV		AW	0	
		Prepayments on tangible non current assets	AX		AY	0	
	FINANCIAL NON CURRENT ASSETS (2)	Equity-accounted interests	CS		CT	0	
		Other equity interests	CU	2,952,394	CV 12,958	2,939,436	2,939,816
		Receivables related to equity interests	BB	110,265	BC 18,216	92,049	123,264
		Other investment securities	BD	168	BE	168	168
		Loans	BF		BG	0	
		Other financial non current assets*	BH		BI	0	
		TOTAL (II)	BJ	**3,062,827**	BK **31,174**	**3,031,653**	**3,063,248**
CURRENT ASSETS	STOCKS*	Raw materials, supplies	BL		BM	0	
		Work in progress (goods)	BN		BO	0	
		Work in progress (services)	BP		BQ	0	
		Semi-finished and finished goods	BR		BS	0	
		Goods for resale	BT		BU	0	
		Advances and deposits paid on orders	BV		BW	0	
	RECEIVABLES	Trade debtors and related accounts* (3)	BX		BY	0	
		Other debtors (3)	BZ	13,428	CA	13,428	56,425
		Capital subscribed and called, not paid up	CB		CC	0	
	OTHER	Transferable securities (including own shares)	CD	317,262	CE	317,262	295,338
		Cash and cash equivalent	CF	3,128	CG	3,128	3,324
PREPYTS & ACCRUED INCOME		Prepaid expenses* (3)	CH	117,528	CI	117,528	105,648
		TOTAL (III)	CJ	**451,346**	CK **0**	**451,346**	**460,735**
		Expenditure to be charged over several periods* **(IV)**	CL			**0**	
		Premiums on redemption of debentures **(V)**	CM			**0**	
		Exchange rate differences: assets*	CN			**0**	
		GRAND TOTAL (I to VI)	CO	**3,514,173**	1A **31,174**	**3,482,999**	**3,523,983**

Notes: (1) Of which leasehold renewal right — (2) Portion under one year of net: CP **92,049** — (3) Portion over one year: CR

Reservation of title clause: — Non current assets: — Stocks: — Receivables:

* Information concerning this entry is provided in notice No. 2032

cerfa

N° 11937*03

Compulsory form (article 53A of the General Tax Code).

2

BALANCE SHEET- LIABILITIES before allocatio

D.G.I. N° 2051 5

Company Name: SARL S.I. PRIVAT

				Year N	Year N-1
EQUITY AND RESERVES	Share or individual capital (1)* (of which, paid up.....)		DA	799,920	799,920
	Issue and merger premiums, premiums on issues for non-cash consideration		DB	2,052,574	2,052,574
	Revaluation reserve (2)*	(of which reserve re equity-accounted compa EK	DC		
	Legal reserve (3)		DD	79,992	79,992
	Reserves in accordance with the company's articles of association or contract		DE		
	Special regulated reserves (3)*	(Including special reserve for provisions for exchange rate fluctuations) B1	DF		127,159
	Other reserves	(Including reserve for the purchase of original works of living artists)* EJ	DG	196,205	69,046
	Retained earnings		DH	234,999	259,006
	PROFIT OF LOSS FOR ACCOUNTING PERIOD		DI	117,931	135,977
	Investment grants		DJ		
	Special tax allowable reserves*		DK		
	TOTAL (I)		DL	**3,481,621**	**3,523,674**
Other equity	Income from equity loan issues		DM		
	Potentially recoverable advances		DN		
	TOTAL (II)		DO	**0**	**0**
Provisions for liabilities and charges	Provisions for liabilities		DP		
	Provisions for charges		DQ		
	TOTAL (III)		DR	**0**	**0**
LIABILITIES (4)	Convertible debenture loans		DS		
	Other debenture loans		DT		
	Long-term loans and liabilities with financial institutions (5)		DU		
	Other loans and financial liabilities	(including participating loans) EI	DV		
	Advance payments from customers		DW		
	Trade payables and related accounts		DX		
	Tax and social security liabilities		DY	1,378	309
	Liabilities on capital expenditure and related accounts		DZ		
	Other liabilities		EA		
Accruals and deferred	Accruals and deferred income (4)		EB		
	TOTAL (IV)		EC	**1,378**	**309**
	Currency translation differences*	**(V)**	ED		
	GRAND TOTAL (I to V)		EE	**3,482,999**	**3,523,983**

NOTES					
(1)	Revaluation reserve incorporated into the capital		1B		
(2)	Of which	Special revaluation reserve (1959)	1C		
		Free revaluation reserve	1D		
		Revaluation reserve (1976)	1E		
(3)	Including special regulated long-term capital gains reserve*		EF		127,159
(4)	Deferred liabilities and accruals and deferred income under one year		EG	1,378	309
(5)	Of which, bank overdrafts and credit balances in banks and post office accounts		EH		

* Information concerning this entry is provided in notice No. 2032

cerfa N°10167*05

Compulsory form (article 53A of the General Tax Code).

3

INCOME STATEMENT (List)

D.G.I. N° 2052 5

Company name: SARL S.I. PRIVAT

			Year N					Year (N-1)
			France		Exports and intra-Community deliveries		Total	
OPERATING INCOME	Sales*	FA		FB		FC	0	
	Sale of * goods	FD		FE		FF	0	
	Sale of * services*	FG		FH		FI	0	
	Net turnover*	FJ	0	FK	0	FL	0	0
	Stock*					FM		
	Own work capitalised*					FN		
	Trading subsidies					FO		
	Adjustments of depreciation and provisions, expenses reallocated* (9)					FP		
	Other income (I) (II)					FQ		
	Total operating income (2) (I)					FR	0	0
OPERATING EXPENSES	Purchase of goods (including customs duties) *					FS		
	Change in stock (goods)*					FT		
	Purchase of raw materials and other supplies (including customs duties) *					FU		
	Change in stock (raw materials and supplies)*					FV		
	Other purchases and external expenses (3) (6bis)*					FW	2,965	2,662
	Taxes, duties and similar payments*					FX	440	721
	Wages and salaries*					FY		
	Social security costs (10)					FZ		
	OPERATING DEPRECIATION - Non-current assets: - appropriations to depreciation*					GA		
	OPERATING DEPRECIATION - Non-current assets: - appropriations to provisions *					GB		
	OPERATING DEPRECIATION - Current assets: appropriations to provisions					GC		
	OPERATING DEPRECIATION - For liabilities and charges: appropriations to provisions					GD		
	Other charges (12)					GE		
	Total operating expenses (4) (II)					GF	3,405	3,383
1 - PROFIT/LOSS ON OPERATIONS (I - II)						GG	**-3,405**	**-3,383**
Joint ventures	Profit allocated or loss transferred* (III)					GH		485
	Loss assumed or profit transferred* (IV)					GI		
FINANCIAL INCOME	Financial income (5)					GJ	182,926	189,330
	Income from other investments and receivables of the non current assets					GK	7,704	7,196
	Other interest and similar income (5)					GL		300
	Provision reversal and transfers of charges					GM		
	Foreign exchange gains					GN		
	Gains on disposal of investments					GO	3,652	5,167
	Total financial income (V)					GP	194,282	201,993
FINANCIAL EXPENSES	Financial appropriations to depreciation and provisions*					GQ	18,216	
	Interest payable and similar charges (6)					GR		4
	Foreign exchange losses					GS		
	Losses on disposal of investments					GT		
	Total financial expenses (VI)					GU	18,216	4
2 - PROFIT (LOSS) ON FINANCIAL OPERATIONS (V - VI)						GV	**176,066**	**201,989**
3 - RESULT ON ORDINARY ACTIVITIES BEFORE TAX (I-II+III-IV +V - VI)						GW	**172,661**	**199,091**

* Information concerning this entry is provided in notice No. 2032

cerfa N° 10947 * 03

Compulsory form (article 53A of the General Tax Code).

4

INCOME STATEMENT (Cont.)

D.G.I. N° 2053 5

Company name: SARL S.I. PRIVAT

			Year N	Year N-1
NON-RECURRING INCOME	Non-recurring income from management operations	HA		
	Non-recurring income from capital operations*	HB		
	Provision reversals and transfers of charges	HC		
	Total non-recurring income (7) (VII)	HD	0	0
NON-RECURRING EXPENSES	Non-recurring expenses on management operations (6bis)	HE		
	Non-recurring expenses on capital operations*	HF		
	Non-recurring appropriations to depreciation and provisions	HG		
	Total non-recurring expenses (7) (VIII)	HH	0	0
4 - NON-RECURRING RESULTS (VII - VIII)		HI	**0**	**0**
Employee profit sharing	(IX)	HJ		
Tax on profit*	(X)	HK	54,730	63,114
TOTAL INCOME (I+III+V+VII)		HL	**194,282**	**202,478**
TOTAL EXPENSE (II+IV+VI+VIII+IX+X)		HM	**76,351**	**66,501**
5 - PROFIT OR LOSS (Total income - total expense)		HN	**117,931**	**135,977**

RENVOIS

				Year N	Year N-1
(1)	Of which net income recognised on long-term contracts	HO			
(2)	income from leasing of property	HY			
	operating income from previous years (to be recorded in (8) below)	1G			
(3)	- leasing moveable property *	HP			
	- leasing immoveable property	HQ			
(4)	Of which operating expenses from previous years (8)	1H			
(5)	Of which income relating to equity interest (associated undertakings)	1J			
(6)	Of which interest relating to equity interest (associated untertakings)	IK		182,926	189,330
(6bis)	Of which gifts to general interest bodies (art. 238 bis of the General Tax Code)	HX			
(9)	Of which transfers of charges	A1			
(10)	Of which social security contributions for the owner (13)	A2			
(11)	Of which royalties on concessions, patents, licenses (income)	A3			
(12)	Of which, royalties on concessions, patents, licenses (expense)	A4			
(13)	Of which supplementary pay and contributions: optional A6		Compulsory A9		

(7) Breakdown of non-recurring income and expense (If box insufficient, attach statement using the same model)

	Year N	
	Non-recurring expense	Non-recurring income

(8) Breakdown of income and expense from previous years:

	Year N	
	Previous expense	Previous income

* Information concerning this entry is provided in notice No. 2032

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2005

Notes to the balance sheet before allocation for the fiscal year ending on 30 September 2005, showing a total of €3,482,843.76, and to the income statement for the period, showing total income of €194,281.27 and a net profit of €117,775.72.

The duration of the fiscal year is twelve months, which is identical to the previous fiscal year, covering the period between 1 October 2004 and 30 September 2005.

1. ACCOUNTING METHODS

The financial statements have been prepared on a going concern basis (continuity of operations) and in accordance with basic accounting principles: prudence, independence of accounting periods and continuity of accounting methods from one fiscal year to the next, and in accordance with the general rules for the presentation of financial statements.

2. NOTES TO THE BALANCE SHEET (in thousands of euros: K€)

201. Financial non-current assets

CHANGES IN FINANCIAL NON-CURRENT ASSETS

Type Type	Gross value at 30 Sept. 2004	Increase	Decrease	Gross value at 31 Sept. 2005
Equity interests	2,953		1	2,952
Receivables related to equity interests	123	1	14	110
Investment securities	1			1
Total	3,077	1	15	3,063

202. Receivables

All of the company's receivables are due within one year.

203. Transferable securities

Book values: quoted securities have been valued at the price prevailing on the last day of September 2005.

204. Equity

The Company's share capital totalled €799,920 comprised of 99,990 fully paid-up shares with a par value of €8.
During the course of the fiscal year , in accordance with tax regulations, all the long-term capital gains reserves have been converted into other non-taxable reserves.

205. Liabilities

All liabilities are under one year.

3. NOTES TO THE INCOME STATEMENT (thousand €)

301. Financial income

Financial income from equity interest totalled 183 K€.

302. Table of subsidiaries and equity interests at 30 September 2005 (thousand €)

COMPANIES	Capital	Reserves and retained earnings (before profit allocation)	Ownership stake (%)	Book value of investment		Unpaid loans and advances given	Fiscal year revenue (excl. tax)	Fiscal year Profit (loss)	Fiscal year dividend received	Comments. Fiscal year closing date
				Gross	Net					
J - Detailed information **A. Subsidiaries** **S.C.I.F.E.C.** 2 rue de la Fraternelle Lyon 9	360	861	50.00	1,613	1 613	-	361	324	150	31.12.04
SCI BOURG VENISSIEUX 2 rue de la Fraternelle Lyon 9	163	0	21.57	57	57	-	81	44	10	31.12.04
S.A. A.L.L.T.I. 2 rue de la Fraternelle Lyon 9	110	504	33.34	270	270	-	314	86	18	31.12.04
S.C.I. IMMOSCIZE PREMIERE 2 rue de la Fraternelle Lyon 9	1,990	94	50.26	1,000	1,000	-	100	50	-	31.12.04
SARL I.P.G.I, 2 rue de la Fraternelle Lyon 9	15	(273)	85.00	13	-	6	-	(6)	-	30.09.02
S.C.I. EVA I 2 rue de la Fraternelle Lyon 9	8	48	5.00	1	1	86	211	335	5	31.12.04
II- Overall information										
Other investment securities				1	1	6				31.12.04

SOCIÉTÉ IMMOBILIÈRE PRIVAT
Société à Responsabilité Limitée [Private limited liability company]
with share capital of 799,920 euros
Registered Office: 2, rue de la Fraternelle – 69009 Lyon - France
Lyon Trade and Companies Register No. B 971.500.467

COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING
OF 28 FEBRUARY 2006

APPROPRIATION OF PROFITS
FOR THE FISCAL YEAR ENDING ON 30 SEPTEMBER 2005

THIRD DECISION

Upon a management proposal, the Sole Shareholder resolves:

- **to appropriate the profit for the year amounting to** **€117,930.72**
- **plus retained earnings of** **€234,998.66**
- **that is to say, a total available amount of** **€352,929.38**

As follows:

- **Net dividend of €2.70 per share** **€269,973.00**
- **Balance to be carried forward** **€ 82,956.38**

Total **€352 929.38**

The Sole Shareholder resolves that the dividend will be paid today and notes the statement made by management in relation to payments made in respect of the last three fiscal years.

THE MANAGER, PHILIPPE CAMUS
Signature

SOCIÉTÉ IMMOBILIÈRE PRIVAT
Société à Responsabilité Limitée [Private limited liability company]
with share capital of 799,920 euros
Registered Office: 2, rue de la Fraternelle – 69009 Lyon - France
Lyon Trade and Companies Register No. B 971.500.467

MANAGEMENT REPORT PRESENTED TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 28 FEBRUARY 2006

To the Shareholder:

We have called a Combined Ordinary and Extraordinary General Meeting to be held today in accordance with the law and the company's articles of association, to report to you on the activity of your company and to submit the financial statements for the 2004-2005 fiscal year closing on 30 September 2005, along with various amendments which fall within the remit of the Extraordinary General Meeting.

For your information, we have forwarded to you along with this report all the documents required by law, in particular the annual financial statements and the text of any resolutions to be voted on.

FINANCIAL STATEMENTS FOR THE YEAR ENDED

The balance sheet, the income statement and the notes to the financial statements are attached to this report. The duration of the fiscal year is twelve months and covers the period between 1 October 2004 and 30 September 2005.

The Company has pursued its real estate business both directly and indirectly and managed its equity interests and financial investments.

Operating expenses amount to €3,405.

Financial income, totalling €194,281, comprises the following:

- Dividends received from our subsidiaries: €182,926
- Investment income: € 11,355

Taking these items into consideration, and after corporate income tax of €54,730, the net profit for the fiscal year amounts to €117,930.72, compared to €135,977.12 for the previous fiscal year.

The notes accompanying the balance sheet and income statement provide more detailed information on the significant items of the annual financial statements.

SUBSIDIARIES AND EQUITY INTERESTS

SOCIÉTÉ CIVILE IMMOBILIÈRE ET FINANCIÈRE EXPANSION COMMERCE – S.C.I.F.E.C.

Your company owns 50% of this property partnership with share capital of 360,000 euros.

It manages property assets of approximately 4,150 m², primarily comprising commercial premises in the Rhône-Alpes region. Net income excluding tax generated by these properties for the fiscal year ending on 31 December 2005 is 376,073 euros compared to 360,965 euros for the previous fiscal year.

Total profit for 2005 amounted to 372,628 euros against 324,071 euros the previous year.

As at the date of this report, no decision has been made as to the amount of the dividend to be paid.

S.C.I. BOURG VENISSIEUX

Your company owns 21.58% of this property partnership with share capital of 223,551 euros.

It manages property assets of approximately 1,100 m² of commercial premises in Bourg-en-Bresse. For 2005, total rental income excluding tax amounted to 85,302 euros, operating income to 105,308 euros and financial income to 2,563 euros.

Total profit for 2005 was 70,934 euros.

As at the date of this report, no decision has been made as to the amount of the dividend to be paid.

A.L.L.T.I. S.A.

Your company owns a 33.34% stake in this property management and resident association servicing company with share capital of 110,000 euros.

Turnover for the fiscal year ending on 31 December 2005 was 31,715 euros, with a net profit of 86,241 euros.

As at the date of this report, no decision has been made as to the amount of the dividend to be paid.

SCI IMMOSCIZE PREMIÈRE

You company owns a 50.26% stake in this property partnership with share capital of 1,989, 612.12 euros, which manages property assets of approximately 2,100 m², primarily comprising dwelling units in Lyon. Net income excluding tax for 2005 from such property amounted to 110,004 euros against 100,076 euros in 2004.

Profit for the year amounted to 834 euros.

L.P.G.I. SARL

This company, with share capital of 15,000 euros and in which your company has an 85% interest, was engaged in no business other than holding a 10% interest in a building and sales property partnership, which the majority shareholders resolved to dissolve on 30 June 1999. By a judgment of 6 October 2005, the Lyon Commercial Court placed LPGI SARL in court ordered liquidation.

S.C.I. EVA 1

Your company owns a 5% stake in this company with share capital of 8,000 euros.

SCI ESPACE VAUCANSON I 'EVA I' owns a mixed use office and business premises property in Grenoble, with a surface area of approximately 4,700 m², 107 above-ground parking spaces and land of approximately 10,000 m².

EVA I's turnover from rental income for the fiscal year closing on 31 December 2005 was 109,207. Net profit amounted to 259,907 euros.

As at the date of this report, no decision has been made as to the amount of the dividend to be paid.

APPROPRIATION OF PROFIT

We propose:

- to appropriate the profit for the year amounting to €117,930.72
- plus retained earnings of €234,998.66

That is to say, a total available amount of €352,929.38

As follows:

- Net dividend of €2.70 per share €269,973.00
- Balance to be carried forward € 82,956.38

Total €352,929.38

DIVIDEND

We propose to that the dividend be paid on the date of the Meeting.

In order for us to comply with the provisions of the law, we would remind you that for the last three fiscal years, dividends paid having given rise to a tax credit were as follows:

Fiscal year closing on	**Dividend paid**	**Tax already paid to the treasury (tax credit)**	**Total**
30 September 2002	2.90	1.45	4.35
30 September 2003	3.20	1.60	4.80
30 September 2004	1.60	0.80	2.40

FUTURE PROSPECTS

Your company will endeavour to grow its business in the area of real estate, both directly and through its subsidiaries, while continuing to build on its results.

SIGNIFICANT EVENTS OCCURRING AFTER CLOSURE OF THE FISCAL YEAR: EXTRAORDINARY GENERAL MEETING

I would remind you insofar as is necessary of the decision of the Ordinary General Meeting, meeting as an Extraordinary General Meeting of 19 October 2005, noting the resignation of the Joint Managers and the appointment of a new Manager within the framework of a change in the direct and indirect majority shareholding in SA LES DOCKS LYONNAIS, the parent company.

As a result of the acquisition of minority shareholdings, SA LES DOCKS LYONNAIS became the Sole Shareholder.

It is proposed that the Company's articles of association remain unchanged.

Since SA LES DOCKS LYONNAIS intends to opt for the system of SIIC (*Société d'Investissements Immobiliers Cotée*, Listed Property Investment Company) provided for by Article 208C of the [French] General Tax Code, which system may be extended to those subsidiaries having the same corporate object, we propose that the Extraordinary Meeting alter the closing date of the fiscal year to close the current fiscal year early on 31 March 2006 and to amend the articles of association accordingly to take account of the acquisition by SA LES DOCKS LYONNAIS of all the shares comprising the Company's share capital.
In view of the choice of the system provided for in Article 208C of the [French] General Tax Code, we also propose the adoption of a corporate object in conformity with and identical to that of SA LES DOCKS LYONNAIS.

These amendment items are included in the draft articles of association provided to you along with the notice of the meeting.

THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

Because of the professional sector in which we operate, we have nothing of significance to report in the area of research.

OTHER MANAGEMENT REPORT INFORMATION

We would inform you, pursuant to the provisions of Article 223c of the [French] General Tax Code, that the annual financial statements do not include any non tax deductible expenses or charges as referred to in Article 39-4 of the [French] General Tax Code.

APPROVAL OF THE FINANCIAL STATEMENTS – DISCHARGE OF MANAGEMENT

We would ask you to take note of the information contained in this report, to approve unconditionally the balance sheet and income statement for the year ended, as presented to you, and to discharge the management from their duties for the period under consideration.

REGULATED AGREEMENTS

The agreements covered by Article L. 223-19 of the [French] Commercial Code are the subject of a special report which will also be read to you.

VOTING ON RESOLUTIONS

The resolutions submitted to you are in line with our proposals.

We trust that they will meet with your approval and be adopted.

THE MANAGER, PHILIPPE CAMUS
Signature

Internet-DGI

cerfa N° 10937 * 07

Formulaire obligatoire (article 53 A du code général des impôts).

5853

17 MAR. 2006

① BILAN – ACTIF

D.G.I. N° 2050 5 (2005)

Désignation de l'entreprise : SARL S.I. PRIVAT — Durée de l'exercice exprimée en nombre de mois * 12

Adresse de l'entreprise : 2 RUE DE LA FRATERNELLE - 69009 LYON — Durée de l'exercice précédent * 12

Numéro SIRET * 9 7 1 5 0 0 4 6 7 0 0 0 2 4 — Code APE 7 0 2 A — Néant ☐ *

			Brut 1	Amortissements, provisions 2	Exercice N clos le, 30/09/2005 Net 3	N - 1 30/09/2004 Net 4
	Capital souscrit non appelé (I)	AA				
ACTIF IMMOBILISÉ * — IMMOBILISATIONS INCORPORELLES	Frais d'établissement *	AB		AC		
	Frais de recherche et développement *	AD		AE		
	Concessions, brevets et droits similaires	AF		AG		
	Fonds commercial (1)	AH		AI		
	Autres immobilisations incorporelles	AJ		AK		
	Avances et acomptes sur immobilisations incorporelles	AL		AM		
IMMOBILISATIONS CORPORELLES	Terrains	AN		AO		
	Constructions	AP		AQ		
	Installations techniques, matériel et outillage industriels	AR		AS		
	Autres immobilisations corporelles	AT		AU		
	Immobilisations en cours	AV		AW		
	Avances et acomptes	AX		AY		
IMMOBILISATIONS FINANCIÈRES (2)	Participations évaluées selon la méthode de mise en équivalence	CS		CT		
	Autres participations	CU	2952394	CV 12958	2939436	2939816
	Créances rattachées à des participations	BB	110265	BC 18216	92049	123264
	Autres titres immobilisés	BD	168	BE	168	168
	Prêts	BF		BG		
	Autres immobilisations financières *	BH		BI		
	TOTAL (II)	BJ	3062827	BK 31174	3031653	3063248
ACTIF CIRCULANT — STOCKS *	Matières premières, approvisionnements	BL		BM		
	En cours de production de biens	BN		BO		
	En cours de production de services	BP		BQ		
	Produits intermédiaires et finis	BR		BS		
	Marchandises	BT		BU		
	Avances et acomptes versés sur commandes	BV		BW		
CRÉANCES	Clients et comptes rattachés (3)*	BX		BY		
	Autres créances (3)	BZ	13428	CA	13428	56425
	Capital souscrit et appelé, non versé	CB		CC		
DIVERS	Valeurs mobilières de placement (dont actions propres : .....)	CD	317262	CE	317262	295338
	Disponibilités	CF	3128	CG	3128	3324
Comptes de régularisation	Charges constatées d'avance (3)*	CH	117528	CI	117528	105648
	TOTAL (III)	CJ	451346	CK	451346	460735
	Charges à répartir sur plusieurs exercices * (IV)	CL				
	Primes de remboursement des obligations (V)	CM				
	Ecarts de conversion actif * (VI)	CN				
	TOTAL GÉNÉRAL (I à VI)	CO	3514173	1A 31174	3482999	3523983

Renvois : (1) Dont droit au bail : | (2) Part à moins d'un an des immobilisations financières nettes : | CP 92049 | (3) Part à plus d'un an : | CR

Clause de réserve de propriété : * Immobilisations : | Stocks : | Créances :

* Des explications concernant cette rubrique sont données dans la notice n° 2032

1er EXEMPLAIRE DESTINÉ A L'ADMINISTRATION

N° 2050 - IMPRIMERIE NATIONALE — Février 2005 - 4 014679 1

CERTIFIÉ CONFORME

Internet-DGI

cerfa N° 10938 * 07

Formulaire obligatoire (article 53 A du Code général des impôts)

② BILAN — PASSIF avant répartition

D.G.I. N° 2051 5 (2005)

Désignation de l'entreprise SARL S.I. PRIVAT — Néant ☐ *

			Exercice N	Exercice N - 1
CAPITAUX PROPRES	Capital social ou individuel (1)* (Dont versé : .....)	DA	799920	799920
	Primes d'émission, de fusion, d'apport, ...	DB	2052574	2052574
	Ecarts de réévaluation (2)* (dont écart d'équivalence EK)	DC		
	Réserve légale (3)	DD	79992	79992
	Réserves statutaires ou contractuelles	DE		
	Réserves réglementées (3)* (Dont réserve spéciale des provisions pour fluctuation des cours B1)	DF		127159
	Autres réserves (Dont réserve relative à l'achat d'œuvres originales d'artistes vivants * EJ)	DG	196205	69046
	Report à nouveau	DH	234999	259006
	RÉSULTAT DE L'EXERCICE (bénéfice ou perte)	DI	117931	135977
	Subventions d'investissement	DJ		
	Provisions réglementées *	DK		
	TOTAL (I)	DL	3481621	3523674
Autres fonds propres	Produit des émissions de titres participatifs	DM		
	Avances conditionnées	DN		
	TOTAL (II)	DO		
Provisions pour risques et charges	Provisions pour risques	DP		
	Provisions pour charges	DQ		
	TOTAL (III)	DR		
DETTES (4)	Emprunts obligataires convertibles	DS		
	Autres emprunts obligataires	DT		
	Emprunts et dettes auprès des établissements de crédit (5)	DU		
	Emprunts et dettes financières divers (Dont emprunts participatifs EI)	DV		
	Avances et acomptes reçus sur commandes en cours	DW		
	Dettes fournisseurs et comptes rattachés	DX		
	Dettes fiscales et sociales	DY	1378	309
	Dettes sur immobilisations et comptes rattachés	DZ		
	Autres dettes	EA		
Compte régul.	Produits constatés d'avance (4)	EB		
	TOTAL (IV)	EC	1378	309
	Ecarts de conversion passif * **(V)**	ED		
	TOTAL GÉNÉRAL (I à V)	EE	3482999	3523983

RENVOIS				
(1)	Écart de réévaluation incorporé au capital	1B		
(2)	Dont Réserve spéciale de réévaluation (1959)	1C		
	Dont Écart de réévaluation libre	1D		
	Dont Réserve de réévaluation (1976)	1E		
(3)	Dont réserve spéciale des plus-values à long terme *	EF		127159
(4)	Dettes et produits constatés d'avance à moins d'un an	EG	1378	309
(5)	Dont concours bancaires courants, et soldes créditeurs de banques et CCP	EH		

* Des explications concernant cette rubrique sont données dans la notice n° 2032.

1er EXEMPLAIRE DESTINÉ A L'ADMINISTRATION

N° 2051 - IMPRIMERIE NATIONALE — Février 2005 - 4 014680 1

N° 10167 * 09

Formulaire obligatoire (article 53 A du Code général des impôts).

③ COMPTE DE RÉSULTAT DE L'EXERCICE (En liste)

D.G.I. N° 2052 5 (2005)

Désignation de l'entreprise : SARL S.I. PRIVAT — Néant ☐*

			Exercice N				Exercice (N-1)
			France	Exportations et livraisons intracommunautaires		Total	
PRODUITS D'EXPLOITATION	Ventes de marchandises *	FA		FB	FC		
	Production vendue biens *	FD		FE	FF		
	Production vendue services *	FG		FH	FI		
	Chiffres d'affaires nets *	FJ		FK	FL		
	Production stockée *				FM		
	Production immobilisée *				FN		
	Subventions d'exploitation				FO		
	Reprises sur amortissements et provisions, transferts de charges * (9)				FP		
	Autres produits (1) (11)				FQ		
	Total des produits d'exploitation (2) (I)				FR		
CHARGES D'EXPLOITATION	Achats de marchandises (y compris droits de douane)*				FS		
	Variation de stock (marchandises)*				FT		
	Achats de matières premières et autres approvisionnements (y compris droits de douane)*				FU		
	Variation de stock (matières premières et approvisionnements)*				FV		
	Autres achats et charges externes (3) (6 bis)*				FW	2965	2662
	Impôts, taxes et versements assimilés *				FX	440	721
	Salaires et traitements *				FY		
	Charges sociales (10)				FZ		
	DOTATIONS D'EXPLOITATION — Sur immobilisations - dotations aux amortissements *				GA		
	DOTATIONS D'EXPLOITATION — Sur immobilisations - dotations aux provisions *				GB		
	DOTATIONS D'EXPLOITATION — Sur actif circulant : dotations aux provisions *				GC		
	DOTATIONS D'EXPLOITATION — Pour risques et charges : dotations aux provisions				GD		
	Autres charges (12)				GE		
	Total des charges d'exploitation (4) (II)				GF	3405	3383
1 - RÉSULTAT D'EXPLOITATION (I – II)					GG	-3405	-3383
opérations en commun	Bénéfice attribué ou perte transférée * (III)				GH		485
	Perte supportée ou bénéfice transféré * (IV)				GI		
PRODUITS FINANCIERS	Produits financiers de participations (5)				GJ	182926	189330
	Produits des autres valeurs mobilières et créances de l'actif immobilisé (5)				GK	7704	7196
	Autres intérêts et produits assimilés (5)				GL		300
	Reprises sur provisions et transferts de charges				GM		
	Différences positives de change				GN		
	Produits nets sur cessions de valeurs mobilières de placement				GO	3652	5167
	Total des produits financiers (V)				GP	194282	201993
CHARGES FINANCIERES	Dotations financières aux amortissements et provisions *				GQ	18216	
	Intérêts et charges assimilées (6)				GR		4
	Différences négatives de change				GS		
	Charges nettes sur cessions de valeurs mobilières de placement				GT		
	Total des charges financières (VI)				GU	18216	4
2 - RÉSULTAT FINANCIER (V – VI)					GV	176066	201989
3 - RÉSULTAT COURANT AVANT IMPÔTS (I – II + III – IV + V – VI)					GW	172661	199091

(RENVOIS : voir tableau n° 2053) * Des explications concernant cette rubrique sont données dans la notice n° 2032.

1er EXEMPLAIRE DESTINÉ A L'ADMINISTRATION — Internet-DGI

N° 2052 - IMPRIMERIE NATIONALE — Février 2005 - 4 014682 1

Internet-DGI

cerfa N° 10947 * 07

Formulaire obligatoire (article 53 A du Code général des impôts)

(4) COMPTE DE RÉSULTAT DE L'EXERCICE (Suite)

D.G.I. N° 2053 (2005)

5

Désignation de l'entreprise SARL S.I. PRIVAT — Néant ☐*

			Exercice N	Exercice N – 1
PRODUITS EXCEPTIONNELS	Produits exceptionnels sur opérations de gestion	HA		
	Produits exceptionnels sur opérations en capital *	HB		
	Reprises sur provisions et transferts de charges	HC		
	Total des produits exceptionnels (7) (VII)	HD		
CHARGES EXCEPTIONNELLES	Charges exceptionnelles sur opérations de gestion (6 bis)	HE		
	Charges exceptionnelles sur opérations en capital *	HF		
	Dotations exceptionnelles aux amortissements et provisions	HG		
	Total des charges exceptionnelles (7) (VIII)	HH		
4 – RÉSULTAT EXCEPTIONNEL (VII – VIII)		HI		
Participation des salariés aux résultats de l'entreprise (IX)		HJ		
Impôts sur les bénéfices * (X)		HK	54730	63114
TOTAL DES PRODUITS (I + III + V + VII)		HL	194282	202478
TOTAL DES CHARGES (II + IV + VI + VIII + IX + X)		HM	76351	66501
5 – BÉNÉFICE OU PERTE (Total des produits – total des charges)		HN	117931	135977
RENVOIS (1)	Dont produits nets partiels sur opérations à long terme	HO		
(2) Dont	produits de locations immobilières	HY		
	produits d'exploitation afférents à des exercices antérieurs (à détailler au (8) ci- dessous)	1G		
(3) Dont	– Crédit-bail mobilier *	HP		
	– Crédit-bail immobilier	HQ		
(4)	Dont charges d'exploitation afférentes à des exercices antérieurs (à détailler au (8) ci- dessous)	1H		
(5)	Dont produits concernant les entreprises liées	1J		
(6)	Dont intérêts concernant les entreprises liées	1K	182926	189330
(6bis)	Dont dons faits aux organismes d'intérêt général (art. 238 bis du C.G.I.)	HX		
(9)	Dont transfers de charges	A1		
(10)	Dont cotisations personnelles de l'exploitant (13)	A2		
(11)	Dont redevances pour concessions de brevets, de licences (produits)	A3		
(12)	Dont redevances pour concessions de brevets, de licences (charges)	A4		
(13)	Dont primes et cotisations complémentaires personnelles : facultatives A6		obligatoires A9	

(7) Détail des produits et charges exceptionnels (Si ce cadre est insuffisant, joindre un état du même modèle) :

Exercice N	
Charges exceptionnelles	Produits exceptionnels

(8) Détail des produits et charges sur exercices antérieurs :

Exercice N	
Charges antérieures	Produits antérieurs

1er EXEMPLAIRE DESTINÉ A L'ADMINISTRATION

N° 2053 - IMPRIMERIE NATIONALE Février 2005 - 4 014064 1

* Des explications concernant cette rubrique sont données dans la notice n° 2032.

ANNEXE AUX COMPTES CLOS LE 30 SEPTEMBRE 2005

Annexe au bilan avant répartition, de l'exercice clos le 30 Septembre 2005, dont le total est de 3.482.843,76 €, et au compte de résultat de l'exercice, dont le total des produits est de 194.281,27 €, et dégageant un bénéfice de 117.775,72 €.
L'exercice a une durée de douze mois, identique à celle de l'exercice précédent, couvrant la période du 1er Octobre 2004 au 30 Septembre 2005.

1 - REGLES ET METHODES COMPTABLES

Les comptes ont été établis dans l'hypothèse de la continuité de l'exploitation et conformément aux règles comptables de base : principe de prudence, principe d'indépendance des exercices, permanence des méthodes comptables d'un exercice à l'autre, et conformément aux règles générales d'établissement et de présentation des comptes annuels.

2 - NOTES SUR LE BILAN (en milliers d'euros : K€)

201 - Immobilisations financières

EVOLUTION DES IMMOBILISATIONS FINANCIERES

TYPE	Valeur brute au 30.09.2004	Augmentation	Diminution	Valeur brute au 30.09.2005
Titres de participation	2.953		1	2.952
C/C Entreprises liées	123	1	14	110
Titres immobilisés	1			1
TOTAL	3.077	1	15	3.063

202- Créances
La totalité des créances est à échéance inférieure à un an.

203 - Valeurs mobilières de placement
Valeurs d'inventaire : les valeurs cotées ont été évaluées au cours du dernier jour de Septembre 2005.

204 – Capitaux Propres
Le capital de la Société est de 799.920 € divisé en 99.990 parts de 8 € entièrement libérées.
Sur l'exercice, conformément aux dispositions fiscales, l'ensemble des réserves de plus-values à long terme, ont été virés en autres réserves en franchise d'impôt.

205 - Dettes
Toutes les dettes sont à moins d'un an.

3 - NOTES SUR LE COMPTE DE RESULTAT (en milliers d'euros K€)

301 - Produits financiers

Les produits financiers relatifs aux entreprises liées, sont des revenus des participations pour 183 K€.

302 - Renseignement concernant les filiales et les participations au 30 Septembre 2005

(en milliers d'euros)

SOCIÉTÉS	Capital	Réserves et report à nouv. avant affectation des résultats	Quote-part de capital détenue en %	Valeur comptable des titres détenus		Prêts et avances consentis par la Sté non encore remboursés	Chiffre d'affaires HT du dernier exercice écoulé	Bénéfice ou perte du dernier exercice clos	Divid. Comptabi par la Sté au cours de l'exercice	Observ. Date de clôture
				Brute	Nette					
I – Renseignements détaillés **A – Filiales**										
S.C.I.F.E.C. 2 rue de la Fraternelle Lyon 9ème	360	861	50,00	1.613	1.613	-	361	324	150	31.12.04
SCI BOURG VENISSIEUX 2 rue de la Fraternelle Lyon 9ème	163	0	21,57	57	57	-	81	44	10	31.12.04
S.A. A.L.L.T.I. 2 rue de la Fraternelle Lyon 9ème	110	504	33,34	270	270	-	314	86	18	31.12.04
S.C.I. IMMOSCIZE PREMIÈRE 2 rue de la Fraternelle Lyon 9ème	1.990	94	50,26	1.000	1.000	-	100	50	-	31.12.04
SARL L.P.G.I. 2 rue de la Fraternelle Lyon 9ème	15	(273)	85,00	13	[illegible]	6	[illegible]	(6)	[illegible]	30.09.02
S.C.I. EVA 1 2 rue de la Fraternelle Lyon 9ème	8	48	5,00	1	1	86	211	335	5	31.12.04
II – Renseignements globaux Autres Titres immobilisés				1	1	6				31.12.04

SOCIÉTÉ IMMOBILIÈRE PRIVAT

Société à Responsabilité Limitée au capital de 799 920 Euros
Siège Social : 2, rue de la Fraternelle – 69009 LYON
R.C.S. LYON B 971 500 467

ASSEMBLÉE GÉNÉRALE MIXTE ORDINAIRE ET EXTRAORDINAIRE

DU 28 FÉVRIER 2006

AFFECTATION DU RESULTAT DE L'EXERCICE CLOS LE 30 SEPTEMBRE 2005

TROISIÈME DÉCISION

L'Associée Unique décide, sur la proposition de la gérance :

➢ d'affecter le bénéfice de l'exercice qui s'élève à	117 930,72 €
➢ auquel s'ajoute le report à nouveau	234 998,66 €
Soit un total disponible de	352 929,38 €

De la manière suivante :

➢ Dividende de 2,70 € net par part	269 973,00 €
➢ Le solde au report à nouveau	82 956,38 €
Total	352 929,38 €

L'Associée Unique décide que ce dividende sera mis en paiement à compter de ce jour et donne acte de la déclaration faite par la gérance relative aux distributions effectuées au titre des trois exercices précédents.

LE GÉRANT, PHILIPPE CAMUS

SOCIÉTÉ IMMOBILIÈRE PRIVAT

Société à Responsabilité Limitée au capital de 799 920 Euros
Siège Social : 2, rue de la Fraternelle - 69009 LYON
R.C.S. LYON B 971 500 467

RAPPORT DE LA GÉRANCE PRÉSENTÉ À

L'ASSEMBLÉE GÉNÉRALE MIXTE ORDINAIRE ET EXTRAORDINAIRE

DU 28 FÉVRIER 2006

Messieurs,

Nous vous avons réunis aujourd'hui en Assemblée Générale Mixte Ordinaire et Extraordinaire, conformément à la loi et à vos statuts, pour vous rendre compte de l'activité de votre Société et vous soumettre les comptes de l'exercice 2004-2005, clos le 30 septembre 2005, ainsi que vous soumettre diverses modifications du ressort de l'Assemblée Générale Extraordinaire.

Pour votre information, nous vous avons adressé avec le présent rapport, tous les documents prescrits par la loi, savoir notamment, les comptes annuels et le texte des résolutions que nous proposons à votre vote.

COMPTES DE L'EXERCICE ÉCOULÉ

Le bilan, le compte de résultat et l'annexe sont joints au présent rapport. L'exercice a une durée de douze mois et recouvre la période du 1er octobre 2004 au 30 septembre 2005.

La Société a poursuivi directement et indirectement son activité immobilière ainsi que la gestion de ses participations et placements financiers.

Les charges d'exploitation s'élèvent à 3.405 Euros.

Les produits financiers dont le total s'élève à 194.281 Euros sont constitués :

- des dividendes perçus de nos filiales pour 182.926 Euros ;
- des revenus de ses placements à hauteur de 11.355 Euros.

Compte tenu des ces éléments, et après un impôt société de 54.730 Euros, le bénéfice net de l'exercice s'élève à 117.930,72 Euros contre 135.977,12 Euros pour l'exercice précédent.

L'annexe jointe au bilan et au compte de résultat donne de plus amples détails sur les éléments significatifs des comptes de l'exercice.

FILIALES ET PARTICIPATIONS

SOCIÉTÉ CIVILE IMMOBILIÈRE ET FINANCIÈRE EXPANSION COMMERCE - S.C.I.F.E.C.

Cette SCI au capital de 360.000 Euros est détenue par votre société à hauteur de 50 %.

Elle gère un patrimoine immobilier de 4.150 m² environ, essentiellement composé de locaux commerciaux dans la région Rhône-Alpes. Le montant net hors taxes des revenus des

immeubles pour l'exercice clos au 31 décembre 2005 s'est élevé à 376 073 Euros contre 360 965 Euros pour l'exercice précédent.
Le bénéfice réalisé en 2005, s'est élevé à 372 628 Euros contre 324.071 Euros pour l'exercice antérieur.

A la date d'établissement du présent rapport, le montant du dividende qui sera distribué n'est pas encore arrêté.

S.C.I. BOURG VENISSIEUX

Cette SCI au capital de 223.551 Euros est détenue par votre société à hauteur de 21,58 %.

Elle gère un patrimoine immobilier de 1.100 m² environ de locaux commerciaux à Bourg-en-Bresse. Le montant total des loyers HT pour 2005 s'est élevé à 85 302 Euros, les produits d'exploitation à 105 308 Euros et les produits financiers ont été de 2.563 Euros.

Le bénéfice réalisé en 2005 s'élève à 70 934 Euros.

A la date d'établissement du présent rapport, le montant du dividende qui sera distribué n'est pas encore arrêté.

A.L.L.T.I. SA

Cette SA d'Administration de biens et de syndics de copropriété au capital de 110.000 Euros est détenue par votre société à hauteur de 33,34 %.

Elle a réalisé pour l'exercice clos le 31 décembre 2005, un Chiffre d'Affaires de 31 715 Euros et un bénéfice net comptable de 86 241 Euros.

A la date d'établissement du présent rapport, le montant du dividende qui sera distribué n'est pas encore arrêté.

SCI IMMOSCIZE PREMIÈRE

Votre Société détient une participation de 50,26 % dans cette SCI au capital de 1.989.612,12 Euros qui gère un patrimoine immobilier de 2.100 m² environ majoritairement composé de locaux d'habitation à Lyon. Le montant net HT des revenus de ses immeubles s'est élevé en 2005 à 110.004 Euros contre 100.076 Euros en 2004.

Le résultat de l'exercice est un bénéfice de 834 Euros.

L.P.G.I. SARL

Cette Société au capital de 15.000 Euros, détenue par votre société à hauteur de 85 %, n'avait d'autre activité que de détenir 10 % d'une SCI de construction-vente dont la dissolution a été décidée par les associés majoritaires le 30 juin 1999. Le Tribunal de Commerce de Lyon a déclaré LPGI SARL en Liquidation Judiciaire par jugement du 6 octobre 2005.

S.C.I. EVA I

Cette Société au capital de 8.000 Euros est détenue par votre société à hauteur de 5 %.

La SCI ESPACE VAUCANSON I "EVA I" est propriétaire à GRENOBLE d'un immeuble à usage mixte de bureaux et de locaux d'activités d'une surface locative de 4.700 m² environ et de 107 emplacements de parking en surface, ainsi que d'un terrain de 10.000 m² environ.

La Société EVA I a réalisé pour l'exercice clos le 31 décembre 2005, un Chiffre d'affaires de 109 207 Euros correspondant à des loyers et un bénéfice net comptable de 259 907 Euros.

A la date d'établissement du présent rapport, le montant du dividende qui sera distribué n'est pas encore arrêté.

AFFECTATION DU RÉSULTAT

Nous vous proposons :

➢ d'affecter le bénéfice de l'exercice qui s'élève à----------	117 930,72 €
➢ auquel s'ajoute le report à nouveau ----------	234 998,66 €
Soit un total disponible de ----------	352 929,38 €

De la manière suivante :

➢ Dividende de 2,70 € net par part----------	269 973,00 €
➢ Le solde au report à nouveau ----------	82 956,38 €
Total ----------	352 929,38 €

DIVIDENDE

Nous vous proposons de fixer la mise en paiement du dividende au jour de l'Assemblée.

Pour nous conformer aux dispositions légales, nous vous rappelons qu'au titre des trois derniers exercices, les dividendes distribués donnant lieu à avoir fiscal ont été les suivants :

Exercices clos le	Dividende distribué	Impôt déjà payé au trésor (avoir fiscal)	Total
30 septembre 2002	2,90	1,45	4,35
30 septembre 2003	3,20	1,60	4,80
30 septembre 2004	1,60	0,80	2,40

PERSPECTIVES D'AVENIR

Votre Société s'emploie à accroître son activité dans le domaine immobilier, tant en direct que par le biais de ses filiales, tout en préservant la pérennité des résultats.

ÉVÉNEMENTS IMPORTANTS SURVENUS DEPUIS LA CLÔTURE DE L'EXERCICE : ASSEMBLÉE GÉNÉRALE EXTRAORDINAIRE

Je vous rappelle en tant que de besoin la décision de l'Assemblée Générale Ordinaire réunie extraordinairement le 19 octobre 2005 portant constatation de la démission des Cogérants et nomination d'un nouveau Gérant dans le cadre du changement de majorité directe et indirecte dans la SA LES DOCKS LYONNAIS, Société Mère.

Par l'effet de l'acquisition des parts minoritaires, La SA LES DOCKS LYONNAIS est devenue Associée Unique.

Il vous est proposé de maintenir le statut de la Société.

La SA LES DOCKS LYONNAIS envisageant d'opter pour le régime des Sociétés d'Investissements Immobiliers Cotées prévu à l'article 208C du Code Général des Impôts, et ce régime pouvant s'étendre aux filiales ayant le même objet, nous vous proposons, dans la forme extraordinaire de l'Assemblée, de procéder à une modification de la date de clôture de l'exercice social pour clôturer l'exercice social pour clôturer l'exercice actuellement en cours par anticipation au 31 mars 2006, et de modifier également les statuts pour tenir compte de

l'acquisition faite par la SA LES DOCKS LYONNAIS de la totalité des parts composant le capital de la Société.
En vue de l'option au régime prévu à l'article 208C du Code Général des Impôts, nous vous proposons également d'adopter un objet conforme et identique à celui de la SA LES DOCKS LYONNAIS.

Ces éléments de modification sont inclus dans les statuts dont le projet a été mis à votre disposition avec la convocation de l'Assemblée.

ACTIVITÉ DE LA SOCIÉTÉ EN MATIÈRE DE RECHERCHE ET DE DÉVELOPPEMENT

En raison de notre secteur professionnel, aucune activité particulière n'est à signaler dans le domaine de la recherche.

AUTRES INDICATIONS DU RAPPORT DE GESTION

Nous vous signalons, conformément aux dispositions de l'article 223 quater du Code Général des Impôts, que les comptes de l'exercice ne comportent pas de dépenses non admises dans les charges par l'administration fiscale, en vertu de la disposition de l'article 39-4 du Code Général des Impôts.

APPROBATION DES COMPTES – QUITUS A LA GÉRANCE

Nous vous demandons de bien vouloir nous donner acte des informations contenues dans le présent rapport, d'approuver purement et simplement le bilan et les comptes de l'exercice écoulé, tels qu'ils vous sont présentés et donner quitus de son mandat à votre gérance, pour l'exercice considéré.

CONVENTIONS RÉGLEMENTÉES

Les conventions visées par l'article L 223-19 du Code de Commerce font l'objet d'un rapport spécial dont il va vous être également donné lecture.

VOTE DES RÉSOLUTIONS

Les résolutions que nous vous soumettons correspondent à nos propositions.

Nous espérons qu'elles auront votre agrément et que vous voudrez bien les adopter.

LE GÉRANT, PHILIPPE CAMUS

INDEX OF PRINCIPAL DEFINITIONS

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REGISTERED AND HEAD OFFICE OF THE ISSUER

Windermere XIV 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

KPMG
2 Harbourmaster Place
IFSC, Dublin 1, 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

As to English and United States Law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

As to French Law
Clifford Chance Europe LLP
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 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 Finnish Law
Roschier, Attorneys Ltd.
Keskuskatu 7 A
00100 Helsinki
Finland

PRINCIPAL PAYING AGENT, AGENT BANK, ISSUER ACCOUNT BANK, CASH MANAGER, EXCHANGE AGENT

ABN AMRO Bank N.V. (London Branch)
82 Bishopsgate
London EC2M 4AA
United Kingdom

LISTING AGENT

McCann FitzGerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

REGISTRAR and CUSTODIAN

LaSalle Bank National Association
Issuer Services
135 South LaSalle Street, Suite 1625
Chicago, Illinois 60603
U.S.A.