€460,150,000
WINDERMERE III CMBS B.V.

(a private company with limited liability incorporated under the laws of The Netherlands, having its statutory seat in Amsterdam)

€314,640,000 Class A Commercial Mortgage-Backed Notes due 2012
€10,000 Class X Commercial Mortgage-Backed Notes due 2012
€12,500,000 Class B Commercial Mortgage-Backed Notes due 2012
€32,500,000 Class C Commercial Mortgage-Backed Notes due 2012
€32,000,000 Class D Commercial Mortgage-Backed Notes due 2012
€53,500,000 Class E Commercial Mortgage-Backed Notes due 2012
€5,000,000 Class F Commercial Mortgage-Backed Notes due 2012
€10,000,000 Class G Commercial Mortgage-Backed Notes due 2012

On 31 March 2004 (or such other date as Windermere III CMBS B.V. (the "**Issuer**") and the Lead Manager agree) (the "**Issue Date**"), the Issuer will issue the €314,640,000 Class A Commercial Mortgage-Backed Notes due 2012 (the "**Class A Notes**"), the €10,000 Class X Commercial Mortgage-Backed Notes due 2012 (the "**Class X Notes**"), the €12,500,000 Class B Commercial Mortgage-Backed Notes due 2012 (the "**Class B Notes**"), the €32,500,000 Class C Commercial Mortgage-Backed Notes due 2012 (the "**Class C Notes**"), the €32,000,000 Class D Commercial Mortgage-Backed Notes due 2012 (the "**Class D Notes**"), the €53,500,000 Class E Commercial Mortgage-Backed Notes due 2012 (the "**Class E Notes**"), the €5,000,000 Class F Commercial Mortgage-Backed Notes due 2012 (the "**Class F Notes**") and the €10,000,000 Class G Commercial Mortgage-Backed Notes due 2012 (the "**Class G Notes**" and, together with the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the "**Notes**"). The Notes and interest accrued on the Notes will not be obligations or responsibilities of any person other than the Issuer. Application has been made to list the Notes on the Luxembourg Stock Exchange.

The Issuer will acquire rights in respect of the Mortgage Loan (as defined herein) on or about the Issue Date. Interest is payable on the Mortgage Loan on the 25th day of February, May, August and November of each year or, if such day is not a Stockholm Business Day (as defined herein), on the next Stockholm Business Day (each a "**Loan Payment Date**"). Interest on the Notes is payable by reference to successive interest periods (each an "**Interest Period**"). Interest on the Notes will be payable quarterly in arrear in Euro on the fifth Business Day following each Loan Payment Date up until (and including) the Maturity Date (each a "**Payment Date**"), commencing on 2 June 2004. The first Interest Period will commence on (and include) the Issue Date and end on (but exclude) 2 June 2004. Each successive Interest Period will commence on (and include) the next (or first) Payment Date and end on (but exclude) the following Payment Date.

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**") and Fitch Ratings Limited ("**Fitch**" and, together with S&P, the "**Rating Agencies**") set forth in the table below. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by 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	Estimated Average Life(1)	Issue Price(2)	Expected Ratings (S&P/Fitch)
A	€ 314,640,000	EURIBOR + 0.26%	November 2012	December 2008	4.5 years	100%	AAA/AAA
X	€ 10,000	Variable	November 2012	December 2008	4.5 years	N/A	AAA/AAA
B	€ 12,500,000	EURIBOR + 0.33%	November 2012	December 2008	4.5 years	100%	AAA/AA+
C	€ 32,500,000	EURIBOR + 0.45%	November 2012	December 2008	4.5 years	100%	AA/AA
D	€ 32,000,000	EURIBOR + 0.78%	November 2012	December 2008	4.5 years	100%	A/A
E	€ 53,500,000	EURIBOR + 1.55%	November 2012	December 2008	4.5 years	100%	BBB/BBB
F	€ 5,000,000	EURIBOR + 1.90%	November 2012	December 2008	4.5 years	100%	BBB/BBB-
G	€ 10,000,000	EURIBOR + 2.10%	November 2012	December 2008	4.5 years	100%	BBB-/BBB-

(1) *Assuming, amongst other things, that the Issuer does not redeem the Notes upon the aggregate Principal Amount Outstanding of the Notes becoming less than 10% of their aggregate Principal Amount Outstanding on the Issue Date and the Borrower does not exercise its ability to extend the Loan Maturity Date pursuant to and in accordance with the terms of the Mortgage Loan Agreement. See "Estimated Average Lives of the Notes".*

(2) *Plus accrued interest, if any.*

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, in an offshore transaction in reliance on Regulation S under the Securities Act ("**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 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*". Interests in the Notes will be ready for delivery in book-entry form through the facilities of Euroclear, Clearstream, Luxembourg, or DTC, as the case may be, on or about the Issue Date.

An "*Investment Considerations*" section is included in this Offering Circular. Prospective Noteholders should be aware of the aspects of the issuance of the Notes that are described in that section.

LEHMAN BROTHERS
Sole Lead Manager and Sole Bookrunner

JPMORGAN **HELABA**

Co-Managers

The date of this Offering Circular is 31 March 2004.

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

The information relating to the Obligors and the Sponsor has been accurately reproduced from information made available by the Obligors and the Sponsor. So far as the Issuer is aware and is able to ascertain from information published by the Obligors and the Sponsor, no facts have been omitted which would render the reproduced information misleading.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Originator, the Security Agent, the Custodian, the Managers, the Master Servicer, the Special Servicer, the Cash Manager, the Trustee, the Agents, the Liquidity Provider, the Swap Provider, the Borrower Operating Bank or the Issuer Operating Bank (each as described in this Offering Circular). Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes will, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date of this Offering Circular or that the information contained in this Offering Circular is correct as of any time subsequent to its date.

Other than the approval by the Luxembourg Stock Exchange of this Offering Circular as listing particulars, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons receiving or obtaining this Offering Circular or any part of this Offering Circular are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part of this Offering Circular 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 and neither this Offering Circular, nor any part of this Offering Circular, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular or any part of this Offering Circular see "*—Notice to U.S. Investors*", "*Subscription and Sale*" and "*Transfer Restrictions*" below. Neither the Managers, the Trustee nor any of their respective affiliates has separately verified the information contained herein, and accordingly neither the Managers, the 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 therefor. Neither the Managers, the Trustee nor any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular 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 Offering Circular 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. 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 outstanding and 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, furnish at its expense, 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 each case at the request of such holder, beneficial owner or prospective purchaser, 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 with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its statutory seat in Amsterdam. All of the Managing Directors of the Issuer currently reside in The Netherlands. 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.

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 NEW HAMPSHIRE REVISED STATUTES, AS AMENDED ("RSA 421-B") 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 OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 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 Offering Circular 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 Offering Circular, and include, without limitation, statements with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loan, 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", "should", "could", "estimate", "forecast", "potential", "predict", "project", "believe", "expect", "anticipate", "continue", "intend", "plan" or similar terms.

Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including, but not limited to, the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in The Netherlands. 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 WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE NOTES MAY NOT BE REOFFERED, RESOLD OR PLEDGED, EXCHANGED OR OTHERWISE TRANSFERRED IN VIOLATION OF THE SECURITIES ACT OR ANY OTHER APPLICABLE LAWS.

THE ISSUER HAS BEEN ADVISED THAT (A) LEHMAN BROTHERS INTERNATIONAL (EUROPE) PROPOSES TO RESELL THE NOTES OUTSIDE THE UNITED STATES 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 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 AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE NETHERLANDS/GLOBAL

The Class X Notes (including rights representing an interest in a Global Note which represents the Class X Notes) may not be offered, sold, transferred or delivered *anywhere in the world* to anyone other than certain classes of eligible investors ("**professional market parties**" or "**PMPs**") as defined under Dutch banking regulations and are subject to extensive transfer and selling restrictions as more fully set out in "*Subscription and Sale*" and, in addition thereto, shall bear a legend as set out in "*Transfer Restrictions*".

STABILISATION

In connection with the issue and distribution of the Notes, Lehman Brothers International (Europe) (in such capacity, the "**Stabilising Manager**") (or any person acting for the Stabilising Manager) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

CURRENCY REFERENCES; NUMERICAL INFORMATION

All references in this document to "**Kronor**", "**Swedish Kronor**" or "**SEK**" are to the lawful currency for the time being of Sweden, references to "**U.S. Dollars**", "**Dollars**", "**$**" or "**U.S.$**" are to the lawful currency for the time being of the United States of America and references to "**Euro**", "**Euros**" or "**€**" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

Prospective Noteholders should note that the information contained in this Offering Circular with respect to the Mortgage Loan is presented on the follow basis:

(a) all information is stated as at 1 January 2004 (the "**Cut Off Date**");

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

(c) where reference is made to, or calculation based on, the value of a Property, such value is based on the value attributed by the Valuation of that Property. See "*Investment Considerations—Considerations Related to the Mortgage Loan—Limitations of Valuations*".

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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 Offering Circular 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 Offering Circular. A listing of the pages on which these terms are defined is found in "Index of Defined Terms".

1. Overview of the transaction

The Mortgage Loan was advanced by the Originator to WHT Fastighetsbolag Kort A.B. (the "**Borrower**") on 7 November 2003. The Mortgage Loan will have a principal amount of SEK 4,731,550,000 at the Issue Date. It is secured by, among other things, first-ranking mortgage certificates ("***Pantbrev***") issued in respect of 29 commercial properties located in the greater Stockholm area of Sweden, 28 of which are owned by sister companies of the Borrower and one of which is owned by a subsidiary of the Borrower.

On or about the Issue Date, the Issuer will purchase the Mortgage Loan and related security from the Originator using the aggregate of the net proceeds from the issue of the Notes (having an aggregate initial principal amount of €460,150,000) and the net proceeds of a loan made by a financial institution (the "**Junior Lender**") to the Issuer (having an initial principal amount of €51,922,511).

The Issuer will pay interest and repay principal on the Notes and the Junior Loan out of the interest and principal that it receives under the Mortgage Loan, as well as amounts that it receives under a currency and interest rate swap and (in the case of the Regular Notes) the Liquidity Facility (as defined below). It will secure its obligations to the Noteholders and the Junior Lender by (among other things) assigning all of its rights in respect of the Mortgage Loan and related security to the Trustee for the benefit of the Noteholders, the Junior Lender and certain of its other creditors.

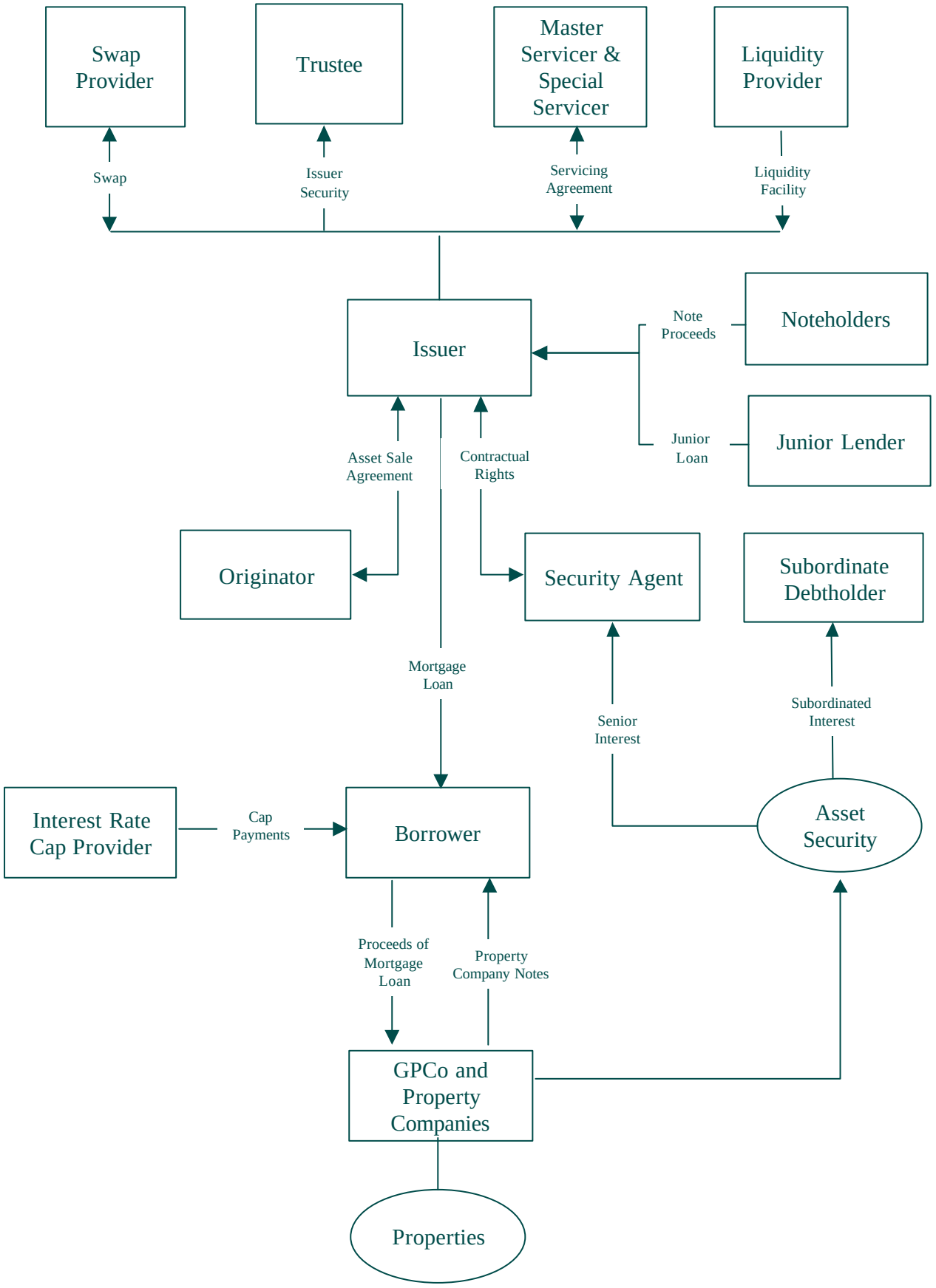
As more fully set out under "*Application of Funds*", prior to a monetary event of default under the Mortgage Loan Agreement, payments received by the Issuer in respect of principal of and interest on the Mortgage Loan will, following payment of certain transaction expenses, generally be allocated *pro rata* between the Noteholders, on the one hand, and the Junior Lender, on the other hand. Following a monetary event of default under the Mortgage Loan Agreement, payments received by the Issuer in respect of principal of and interest on the Mortgage Loan will, following payment of certain transaction expenses, generally be allocated to the Noteholders prior to the Junior Lender. Amounts payable to the Noteholders will be allocated to the holders of each Class of Notes in accordance with the priority of payments set out below under "*Application of Funds—Interest Priority of Payments—Allocation among Note Classes*" and "*Application of Funds—Principal Priority of Payments—Pro Rata Allocation of Principal Collections among Note Classes*" and "*—Sequential Allocation of Principal Collections among Note Classes*".

The Issuer will enter into (or acquire rights in respect of) a cross-currency and interest rate swap transaction to swap amounts of (i) principal received in respect of the Mortgage Loan for Euro and (ii) interest received in respect of the Mortgage Loan for an amount based on EURIBOR in Euro.

The Liquidity Provider will make a 364-day committed Kronor-denominated liquidity facility (the "**Liquidity Facility**") available to the Issuer on or about the Issue Date to make payments of interest on the Regular Notes (although only to a limited extent on the Class F Notes and the Class G Notes). *See "The Mortgage Loan"* and *"—Hedging Arrangements and the Liquidity Facility"* below.

The Issuer will grant the security over all of its assets other than the Issuer Dutch Account and the Management Agreement under a deed of charge (the "**Deed of Charge**") for the benefit of the Noteholders, the Junior Lender and certain other secured parties in accordance with the Deed of

Charge. The obligation of the Issuer to make payments to any such secured creditor (including the Noteholders) will be subject to the relevant priority of payments set out in the Deed of Charge.


Swap Provider
Trustee
Master Servicer & Special Servicer
Liquidity Provider
Swap
Issuer Security
Servicing Agreement
Liquidity Facility
Issuer
Note Proceeds
Noteholders
Junior Loan
Junior Lender
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2. Principal Features of the Notes

Windermere III CMBS B.V. Commercial Mortgage-Backed Notes

Class	Initial Principal Amount	Interest Rate (per annum)	Maturity Date	Estimated Average Life (years) [1]	Expected Final Repayment Date	Expected Rating (S&P / Fitch)
A	€314,640,000	3 month EURIBOR + 0.26%	November 2012	4.5	December 2008	AAA/AAA
X	€10,000	Variable[2]	November 2012	4.5	December 2008	AAA/AAA
B	€12,500,000	3 month EURIBOR + 0.33%	November 2012	4.5	December 2008	AAA/AA+
C	€32,500,000	3 month EURIBOR + 0.45%	November 2012	4.5	December 2008	AA/AA
D	€32,000,000	3 month EURIBOR + 0.78%	November 2012	4.5	December 2008	A/A
E	€53,500,000	3 month EURIBOR + 1.55%	November 2012	4.5	December 2008	BBB/BBB
F	€5,000,000	3 month EURIBOR + 1.90%	November 2012	4.5	December 2008	BBB/BBB-
G	€10,000,000	3 month EURIBOR + 2.10%	November 2012	4.5	December 2008	BBB-/BBB-

(1) *Assuming, amongst other things, that the Issuer does not redeem the Notes upon the aggregate Principal Amount Outstanding of the Notes becoming less than 10% of their aggregate Principal Amount Outstanding on the Issue Date and the Borrower does not exercise its ability to extend the Loan Maturity Date. See "Estimated Average Lives of the Notes".*

(2) *The Class X Notes will bear interest at a variable rate of interest set out under "—Interest", below.*

Title……... The €314,640,000 Class A Commercial Mortgage-Backed Notes due 2012 (the "**Class A Notes**").

The €10,000 Class X Commercial Mortgage-Backed Notes due 2012 (the "**Class X Notes**").

The €12,500,000 Class B Commercial Mortgage-Backed Notes due 2012 (the "**Class B Notes**").

The €32,500,000 Class C Commercial Mortgage-Backed Notes due 2012 (the "**Class C Notes**").

The €32,000,000 Class D Commercial Mortgage-Backed Notes due 2012 (the "**Class D Notes**").

The €53,500,000 Class E Commercial Mortgage-Backed Notes due 2012 (the "**Class E Notes**").

The €5,000,000 Class F Commercial Mortgage-Backed Notes due 2012 (the "**Class F Notes**").

The €10,000,000 Class G Commercial Mortgage-Backed Notes due 2012 (the "**Class G Notes**" and, together with the

Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the "**Notes**"; and all of the Notes (excluding the Class X Notes) being, together, the "**Regular Notes**").

Interest……. Interest will accrue on the principal amount outstanding of each class of Notes at the relevant annual rate of interest set out in the table headed "*Windermere III CMBS B.V. Commercial Mortgage-Backed Notes*", above, and will be payable quarterly in arrear on each Payment Date. EURIBOR will be calculated in respect of each Interest Period on the relevant Interest Rate Determination Date in accordance with Condition 5 (*Interest*). If the Issuer fails, on any Payment Date, to pay any amount of interest accrued during the most recently completed Interest Period on any class of Notes (other than the Class F Notes and the Class G Notes), such unpaid amount will accrue interest during that Interest Period at the rate of interest applicable to that class of Notes and (subject to available funds and the relevant priority of payments set out in "*Application of Funds*") will be due and payable, together with such interest accrued thereon, on the next Payment Date. For the avoidance of doubt, if the Issuer fails to pay on any Payment Date any interest accrued on any Class A Notes or Class X Notes (or, after such Notes have been redeemed in full, the most senior class of Notes then outstanding), such failure to pay shall constitute an Event of Default under the Notes.

If the Issuer lacks sufficient funds to pay any amount of accrued but unpaid interest on the Class F Notes or the Class G Notes on any Payment Date in accordance with the relevant priority of payments set out in "*Application of Funds*", the Issuer's obligation to pay such amount will be permanently extinguished.

Interest will accrue on the principal amount outstanding of the Class X Notes at the Class X Interest Rate and will be payable quarterly in arrear on each Payment Date. The Class X Interest Rate in respect of each Interest Period will be calculated 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 Notes, by 100.

"**Class X Interest Amount**" means, with respect to any Interest Period, the greater of (a) zero and (b) A - B, where:

> "**A**" is the aggregate of all Interest Collections that will be available for application by the Issuer on the first Payment Date following the end of that Interest Period; and
>
> "**B**" is the aggregate of (a) all Senior Amounts, (b) interest on the Regular Notes and the Junior Loan and (c) Subordinated Liquidity Amounts and Subordinated Swap Amounts which will be, in each case, payable by

the Issuer on the first Payment Date following the end of that Interest Period.

No interest will be payable on the Class X Notes on any Payment Date if (a) a Note Enforcement Notice has been delivered or (b) amounts have been drawn under the Liquidity Facility to pay interest on any class of Notes on that Payment Date.

Principal…….. Principal on the Notes will be due and repayable in full on the Maturity Date.

On each Payment Date prior to the Maturity Date, an amount of principal will be due and repayable on each class of Regular Notes equal to the amount that the Issuer is required to repay on that class of Regular Notes in accordance with the relevant Priority of Payments. See "*—Application of Funds*" below.

No principal will be due or repayable on the Class X Notes until the earliest to occur of the Maturity Date, the date upon which a Note Enforcement Notice is served or the date upon which the Notes are redeemed in full under Conditions 6(c) (*Optional Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Optional Redemption in Full—Swap Agreement*).

Estimated Average Life and Expected Final Payment Date…… The estimated average life of each class of Notes set forth in the table "*Windermere III CMBS B.V. Commercial Mortgage-Backed Notes*" above, refers to the estimated average amount of time expressed in years (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 "*Windermere III CMBS B.V. Commercial Mortgage-Backed Notes*" above were calculated based on the assumptions that:

(a) the Issuer does not sell all or any portion of the Mortgage Loan;

(b) the Mortgage Loan does not default, prepay, partially or fully, or is enforced and no loss arises; and

(c) the Borrower does not exercise its ability to extend the Loan Maturity Date pursuant to and in accordance with the Mortgage Loan Agreement.

The Estimated Average Life illustrated in the table "*Windermere III CMBS B.V. Commercial Mortgage-Backed Notes*" above is further based on the assumption that the Issuer does not redeem the Notes (in accordance with Condition 6(d) (*Optional Redemption in Full*)) upon the aggregate Principal Amount Outstanding of the Notes being less than 10% of their aggregate Principal Amount Outstanding as at the Issue Date.

Ratings…… The expected ratings to be assigned by S&P and Fitch, respectively, on issue, of the Notes are set out in the table "*Windermere III CMBS B.V. Commercial Mortgage-Backed Notes*" above. The ratings of the Notes address the timely payment of interest and the ultimate repayment of principal on or before the 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 "*Investment Considerations—Considerations Related to the Notes—Ratings of the Notes*" and "*Ratings*".

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

The Notes will be constituted by the Trust Deed and represent the right to receive interest and principal payments from the Issuer in accordance with the Conditions and the Trust Deed.

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the holders of the Notes (each a "**Noteholder**", and, collectively, the "**Noteholders**"), but where there is, in the Trustee's opinion, a conflict between such interests, the Trustee is required to have regard only to the interests of the most senior class of Notes then outstanding.

3. Parties to the Transaction

Windermere III CMBS B.V..... Windermere III CMBS B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on 6 February 2004, having its corporate seat (*statutaire zetel*) in Amsterdam, and having its registered office at Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands (the "**Issuer**").

MABLE Commercial Funding Limited…….…….. MABLE Commercial Funding Limited, a private company incorporated in England and Wales with limited liability (company number 2682316), having its registered office at 25 Bank Street, London E14 5LE (the "**Originator**"), being an indirect wholly owned subsidiary of Lehman Brothers UK Holding Limited.

ABN AMRO Trustees ABN AMRO Trustees Limited, a private company

Limited…….	incorporated in England and Wales with limited liability (the "**Trustee**").
ABN AMRO Bank N.V. (London Branch)…….	ABN AMRO Bank N.V., a Netherlands public limited liability company (*naamloze vennootschap*), acting through its London branch (in its capacity as cash manager to the Issuer under the Cash Management Agreement, the '**Cash Manager**", in its capacity as operating bank to the Issuer under the Cash Management Agreement, the "**Issuer Operating Bank**", in its capacity as the Issuer's principal paying agent under the Agency Agreement, the '**Principal Paying Agent**", in its capacity as agent bank for the Issuer under the Agency Agreement, the "**Agent Bank**", and in its capacity as exchange agent for the Issuer under the Agency Agreement, the "**Exchange Agent**").
Hatfield Philips International LLC…….	Hatfield Philips International, LLC, a limited liability company formed under the laws of Georgia in the United States acting out of its London branch at 40 Marsh Wall, London E14 9TP (in its capacity as master servicer under the Servicing Agreement, the "**Master Servicer**" and in its capacity as special servicer under the Servicing Agreement, the "**Special Servicer**").
Goldman Sachs Mitsui Marine Derivative Products, L.P……...	Goldman Sachs Mitsui Marine Derivative Products, L.P., a limited partnership formed under the laws of the state of Delaware in the United States, acting out of its New York office at 85 Broad Street, New York, NY 10004 (in its capacity as swap counterparty to the Issuer under the Swap Agreement '**Swap Provider**") whose long term unsecured, unsubordinated debt obligtations are rated AA+ by S&P.
The Goldman Sachs Group, Inc……	The Goldman Sachs Group, Inc., a corporation formed under the laws of the State of Delaware in the United States, acting through its New York office at 85 Broad Street, New York, NY 10004 (in its capacity as joint swap guarantor to the Issuer under the Swap Agreement, the "**Goldman Group**") and whose long term, unsecured, unsubordinated debt obligations are rated AA- by Fitch, will fully and unconditionally guarantee the obligations of the Goldman Group under the Swap Agreement pursuant to the Guarantee provided by the Goldman Group and Mitsui Marine (as defined below) (the "**Swap Guarantee**"). The Swap Provider will be required to take certain actions under the Swap Agreement if the financial programme rating of the Swap Provider is downgraded below "AA-" by S&P or the long term unsecured, unsubordinated debt obligations of Goldman Group are downgraded below "AA-" by Fitch and at the same time, or subsequent to such downgrade by Fitch, the counterparty risk rating of the Swap Provider is downgraded below "AA-" by S&P or the long term unsecured, unsubordinated debt obligtations of the Swap Provider are downgraded below "A3" by Moody's. See "— *Hedging Arrangements and the Liquidity Facility*".
Mitsui Sumitomo Insurance Company, Limited……	Mitsui Sumitomo Insurance Company, Limited, a company formed under the laws of Japan (in its capacity as joint swap guarantor to the Swap Provider under the Swap Agreement, "**Mitsui Marine**" and together with Goldman Group, the

"**Swap Guarantors**" will fully and unconditionally guarantee the obligations of the Swap Provider under the Swap Agreement pursuant to the Swap Guarantee.

Barclays Bank Plc …… Barclays Bank Plc, acting through its branch at 54 Lombard Street, London EC3V 9EX (the "**Liquidity Provider**").

The Liquidity Provider will be required to maintain ratings for its short-term unsecured, unsubordinated debt obligations of at least "A-1+" by S&P or "F1+" by Fitch or the short-term equivalent of the ratings then assigned to the most senior class of Notes, whichever is lower (the "**Liquidity Provider Minimum Ratings**"). See "*—Hedging Arrangements and the Liquidity Facility* ".

Secured Creditors…….. As applicable in the relevant context, each of the Noteholders, the Junior Lender, the Trustee and any receiver appointed pursuant to the terms of the Deed of Charge, the Agents, the Master Servicer, the Special Servicer, the Cash Manager, the Issuer Operating Bank, the Swap Provider, the Liquidity Provider, the Originator, the Custodian and the Security Agent (such persons, collectively "**Secured Creditors**").

4. **Relevant Dates and Periods**

Issue Date…… The Notes will be issued on 31 March 2004 or such other date as the Issuer and the Lead Manager may agree (the "**Issue Date**").

Loan Payment Date…….. The 25th day of February, May, August and November of each year, or if such day is not a Stockholm Business Day (as defined herein), then the next succeeding Stockholm Business Day (each a "**Loan Payment Date**").

Loan Interest Period…… Each period from (and including) a Loan Payment Date (or, in the case of the first such period, the date of the drawdown of the Mortgage Loan) to (but excluding) the next Loan Payment Date (each a "**Loan Interest Period**").

Payment Date…… The fifth Business Day following each Loan Payment Date up until (and including) the Maturity Date (each a "**Payment Date**"). "**Business Day**" means any day on which banks are generally open for business in London and New York and the TARGET system is open for settlement of payment in Euro.

Interest Period…….. Each period from (and including) a Payment Date (or, in the case of the first such period, the Issue Date) to (but excluding) the next Payment Date (each an "**Interest Period**").

Determination Date……	The Agent Bank will calculate the rate of interest applicable to (a) each class of Regular Notes during each Interest Period two Euro Business Days prior the first day of such Interest Period (the "**Determination Date**") and (b) the Class X Notes during each Interest Period on the Determination Date falling within that Interest Period, in each case in accordance with Condition 5 (*Interest*). "**Euro Business Day**" means any day on which banks are generally open for business in London and the TARGET system is open for settlement of payment in Euro.
Maturity Date……...	Unless previously redeemed in full, the Issuer will redeem the Notes in full (together with all accrued interest thereon) on 26 November 2012 (the "**Maturity Date**").

5. **Hedging Arrangements and the Liquidity Facility**

Swap Agreement……	Pursuant to the Swap Agreement, on each Payment Date, the Issuer will swap amounts received in respect of principal of and interest on the Mortgage Loan (denominated in Kronor) for amounts denominated in Euro and based on EURIBOR. For a more detailed description of the Swap, see "*The Liquidity Facility and the Swap Agreement—The Swap Agreement—Swap Agreement*".
Liquidity Facility ……..……...	Pursuant to the Liquidity Facility Agreement, the Liquidity Provider will make a 364-day committed revolving facility denominated in Kronor of up to an initial maximum principal amount of SEK298,000,000 available to the Issuer from the Issue Date (the "**Liquidity Facility**"). The maximum principal amount available under the Liquidity Facility will be decreased on each Payment Date to the greater of (i) SEK35,000,000 and (ii) 7% of the Kronor (Euro) Equivalent of the then aggregate Principal Amount Outstanding of the Notes. In addition, if any Property 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. The Issuer will be entitled to draw on the Liquidity Facility on any Payment Date (other than the Maturity Date) prior to the service of a Note Enforcement Notice if and to the extent that Interest Collections on that Payment Date (excluding drawings on the Liquidity Facility) will be insufficient for the Issuer to pay, in full, all accrued but unpaid interest on the Class G Notes and all amounts ranking senior in priority thereto (other than interest on the Class X Notes) under the Interest Priority of Payments. Notwithstanding the foregoing, the maximum amount that can be outstanding at any one time under the Liquidity Facility in relation to payments of interest on (a) the Class F Notes will be limited to 5% of the total commitment under the Liquidity Facility (the "**Class F Liquidity Cap**") and (b) the Class G Notes will be limited to

7.5% of the total commitment under the Liquidity Facility (the "**Class G Liquidity Cap**"). The availability of the Liquidity Facility on any Payment Date is subject to the satisfaction of certain conditions precedent, including the non-occurrence of an event of default under the Liquidity Facility Agreement.

The Liquidity Provider will be required to take certain remedial actions under the Liquidity Facility Agreement if it ceases to have the Liquidity Provider Minimum Ratings.

6. **The Mortgage Loan**

The Portfolio……... The Mortgage Loan was originated by the Originator and is an obligation of the Obligors. The Properties are all located in Sweden.

	The Mortgage Loan
Principal Amount Outstanding (as at the Issue Date):	SEK 4,731,550,000.
Senior Tranche Principal Amount Outstanding (as at the Issue Date)[(1)]:	SEK 4,251,786,000.
Loan Maturity Date:	7 November 2008, extendable to 7 November 2010.[(2)]
Interest Rate:	3 month STIBOR + 1.89%.
Senior Tranche Interest Coverage Ratio (as at the Cut Off Date)[(3)]:	2.21:1.
Senior Tranche Loan to Value Ratio (as at the Cut Off Date)[(4)]:	77.5%.
Scheduled Amortisation:	0.45 to 0.90% per quarter, commencing on the Loan Payment Date in November 2005.[(5)]
Disposal Amortisation:	Mandatory repayment of principal in part upon disposal of a Property.[(6)]

[(1)] *For purposes of this table, the "Senior Tranche" refers to a principal amount of the Mortgage Loan having an aggregate principal balance equal to the aggregate principal balance of the Notes calculated using exchange rates of €1 = SEK9.24.*

[(2)] *The Loan Maturity Date may, at the option of the Borrower and subject to satisfaction of certain conditions, be extended past 7 November 2008 up to two times for a period of one year each, to 7 November 2010.*

[(3)] *The ratio of (i) the aggregate projected net rental income of the Properties (assuming certain re-letting and lease renewal) for the Loan Interest Periods ending 25 May 2004 and 25 August 2004 to (ii) the Borrower's aggregate projected finance costs in respect of the Senior Tranche for such Loan Interest Periods. As at the Cut Off Date, the ratio of (i) the aggregate projected net rental income of the Properties (assuming certain re-letting and lease renewal) for the Loan Interest Periods ending 25 May 2004 and 25 August 2004 to (ii) the Borrower's aggregate projected finance costs in respect of the Mortgage Loan for such Loan Interest Periods was 1.85:1.*

[(4)] *Based on the outstanding principal amount of the Senior Tranche and the Valuations. See "Investment Considerations—Considerations Related to the Mortgage Loan—Limitations of Valuations ". As of the Cut Off Date, the loan to value ratio of the outstanding principal amount of the Mortgage Loan to the aggregate value of the Properties was 86.2%.*

[(5)] *Failure to pay a specified portion of the scheduled amortisation for three consecutive Loan Interest Periods will constitute an event of default under the Mortgage Loan Agreement. For further information, including a detailed*

amortisation schedule of the Mortgage Loan, see "The Mortgage Loan—Principal under the Mortgage Loan Agreement" and "—Loan Events of Default and Enforcement".

(6) *See "The Mortgage Loan—Principal under the Mortgage Loan Agreement" and "—Loan Events of Default and Enforcement".*

Asset Sale Agreement……..	Pursuant to a sale agreement to be entered into on or about the Issue Date between the Originator, the Issuer, the Security Agent and the Trustee (the "**Asset Sale Agreement**"), the Originator will transfer all of its rights in respect of the Mortgage Loan and the Asset Security (among other things) to the Issuer on the Issue Date for the initial consideration of €510,536,293 (the "**Initial Purchase Price**") plus certain additional amounts as Deferred Consideration (as defined herein) under the Mortgage Loan Agreement.
Representations and Warranties……	The Asset Sale Agreement contains certain representations and warranties given by the Originator in relation to the Mortgage Loan. These representations and warranties are described under "*The Mortgage Loan—Asset Sale Agreement—Representations and Warranties of the Originator; Cures and Repurchases*".
	The Originator will be required to repurchase the Mortgage Loan if there has been a breach of a representation or warranty that materially and adversely affects the interests of the Noteholders if such breach has not been remedied in all material respects within the time specified in the Asset Sale Agreement.

7. **The Properties**

The following are summaries of certain characteristics of the Properties:

The Properties—Geographic Concentration

District of Greater Stockholm	Number of Properties	Percentage of Properties (by gross rental income)[1]
Stockholm/Globen	4	44.8%
Central Business District	7	27.0%
Stockholm/Kista	1	8.7%
Northwestern Stockholm	6	6.1%
Solna	2	5.1%
Södermalm	2	3.0%
Upplands-Väsby	2	2.5%
Southeastern Stockholm	3	2.3%
Sollentuna	2	0.6%

(1) Based on gross rental income as of Cut Off Date.

The Properties—Property Type

Property Type	% of Property Type by Net Lettable Area (sqm)[1]	Percentage of Property Type (by gross rental income)[1]
Office	71.7%	76.3%
Retail	13.8%	12.6%
Parking	-	5.9%
Industrial	12.1%	3.8%
Residential	2.5%	1.3%

(1) As of Cut Off Date.

The Properties—Top Ten Properties

Property	Principal Use	Value (SEK)[1]	Value (% of Pool)	Rental Income (SEK)	Rental Income (% of Pool)	Weighted Average Unexpired Lease Term
Arenan 2	Office	1,290,000,000	23.5%	99,882,057	21.4%	4 years
Arenan 6	Office	710,000,000	12.9%	57,289,721	12.2%	3 years
Isafjord 2	Office	420,000,000	7.7%	40,474,152	8.7%	8 years
Duvan 6	Office	370,000,000	6.7%	35,173,156	7.5%	3 years
Oxen Mindre 33	Office	370,000,000	6.7%	29,140,187	6.2%	5 years
Arenan 3	Office	350,000,000	6.4%	27,301,681	5.8%	2 years
Ynglingen 10	Office	350,000,000	6.4%	22,968,026	4.9%	3 years
Arenan 8	Office	340,000,000	6.2%	25,044,762	5.4%	4 years
Repslagaren 31[2]	Office	200,000,000	3.6%	16,302,867	3.5%	5 years
Hasseln 5	Office	140,000,000	2.6%	10,427,027	2.2%	2 years

(1) Based on the Valuations.

(2) The Borrower has advised that a sale agreement has been entered into with respect to the residential areas of the Repslagaren 31 Property. The aggregate value of such areas comprises approximately 15% of the value of the Property and less than 1% of the total value of the Portfolio. The Borrower has also advised that it intends to sell the remaining commercial area of the Property but has not yet entered into a sale agreement for such area.

8. **The Notes**

Limited Recourse and Non-Petition…….. The Trustee (both on its own behalf and on behalf of the Noteholders): (a) will only have a claim against the Issuer in respect of the Issuer's payment obligations under the Notes to the extent of the proceeds of the assets secured by the Deed of Charge, as distributed among the Secured Creditors in accordance with the relevant Priority of Payments (see "*—Application of Funds*" below); and (b) will be restricted in its ability to institute enforcement, insolvency and other proceedings against the Issuer.

Optional Redemption in Full..……. The Notes may be redeemed at the option of the Issuer in full, but not in part:

(a) when the aggregate Principal Amount Outstanding of the Notes is less than 10% of the initial principal amount of the Notes; or

(b) if the Issuer satisfies the Trustee that:

(i) by virtue of a change in tax law from that in effect on the Issue Date the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes; or

(ii) by virtue of a change in law any amount payable by the Borrower in respect of the Mortgage Loan is reduced or ceases to be receivable (whether or not actually received);

(c) when a Tax Event (as defined in Condition 6(e) (*Optional Redemption in Full—Swap Agreement*) occurs in respect of the Swap Agreement, and:

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

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

provided in, each case, that:

(1) the Issuer has certified in writing to the 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 Deed of Charge to be paid in priority to, or *pari passu* with, the Notes on such Payment Date; and

(2) no Note Enforcement Notice has been served,

all in accordance with Conditions 6(c) (*Optional Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Optional Redemption in Full—Swap Agreement*), as applicable. See "*Terms and Conditions of the Notes*".

Issuer Security……... The Issuer will grant the following security interests (the "**Issuer Security**") under the Deed of Charge for the benefit of the Noteholders, the Junior Lender and the other Secured Creditors:

(a) an English law security assignment of all of the Issuer's right, title and interest in the Mortgage Loan and the Transaction Documents to which it is a party (other than the Deed of Charge and the Management Agreement);

(b) an English law first fixed charge over the Issuer Accounts; and

(c) an English law first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future except to the extent otherwise charged or secured under the Deed of Charge but excluding the Issuer's rights in respect of the Management Agreement and the Issuer Dutch Account.

The Notes will all share the same security. Certain amounts payable to Secured Creditors other than the Noteholders will rank in priority to payments of interest or principal on the Notes. Amounts standing to the credit of the Stand-by Account or any Swap Collateral Account (after the obligations of the Swap Provider have been satisfied pursuant to the Swap Agreement) will be payable directly to the Liquidity Provider or the Swap Provider, respectively upon the service of a Note Enforcement Notice and will not be available for distribution to Noteholders. See "*Application of Funds*".

Sales Restrictions …….	The Notes have not been and are not expected to be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States. The Issuer has not registered and does not intend to register as an investment company under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Notes are being offered and sold (1) within the United States in reliance on Rule 144A under the Securities Act ("**Rule 144**") 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 the United States, in an offshore transaction, in reliance on Regulation S under the Securities Act ("**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 in violation of the Securities Act and any other applicable laws. By its purchase of the Notes, each purchaser will be deemed to have (1) (i) represented and warranted that it is a QIB, or (ii) it is 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 Class X Notes (including rights representing an interest in a Global Note representing the Class X Notes) may not be offered, sold, transferred or delivered *anywhere in the world* to anyone other than certain classes of eligible investors ("professional market parties" or "PMPs") as defined under Dutch banking regulations and are subject to extensive transfer and selling restrictions as more fully set out in "*Subscription and Sale*" and, in addition thereto, shall bear a legend as set out in "*Transfer Restrictions*".
ERISA……	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 interests therein may, subject to certain restrictions described in this Offering Circular under "*U.S. ERISA and Certain Other Considerations*", be sold and transferred to Plans (as defined in this Offering Circular). The Class G Notes or Class X Notes and interests therein may not be sold or transferred to a Plan and no Plan may acquire or hold any of the Class G Notes or Class X Notes. See "*Investment Considerations—Considerations Related to the Notes—Certain ERISA Considerations*", "*Transfer Restrictions*" and "*U.S. ERISA and Certain Other Considerations*".

Form……..	The Notes of any class sold 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 Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* Luxembourg ("**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. 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 a Rule 144A Global Certificate. See "*Description of the Notes—Exchange for Individual Certificates*".
Listing	Application has been made to list the Notes on the Luxembourg Stock Exchange.
Settlement	DTC, Euroclear and Clearstream, Luxembourg.
Governing Law	The Notes and the Trust Deed will be governed by English law.

9. **Application of Funds**

Interest Priority of Payments

Interest Swap Amounts..... On each Payment Date prior to the termination of the Swap Agreement, the Issuer will pay all interest (other than any amounts paid by the Borrower on the immediately preceding Loan Payment Date in respect of interest which had been due but had not been paid on any previous Loan Payment Date and in respect of which an Interest Cure Payment had been made ("**Interest Cure Repayment Amounts**")) which it received on the Mortgage Loan since the immediately preceding Payment Date together with any drawings on the Liquidity Facility and any Interest Cure Payments ("**Interest Swap Amounts**") to the Swap Provider under the Swap Agreement and, after the termination of the Swap Agreement, the Issuer will swap the Interest Swap Amounts into Euro at the then prevailing spot market rate.

Additional Swap Amounts..... On each Payment Date, the Issuer will swap all amounts (excluding Interest Swap Amounts, Principal Swap Amounts and extension and prepayment fees (if any) paid by the Obligors under the Mortgage Loan Agreement) received during the most recently completed Interest Period (the "**Additional Swap Amounts**") into Euro at the then prevailing spot market rate.

Additional Swap Amounts include:

(i) Interest Cure Repayment Amounts;

(ii) Principal Cure Repayment Amounts;

(iii) Kronor or USD-denominated interest paid on the Transaction Accounts; and

(iv) Kronor or USD-denominated interest paid on Eligible Investments.

Interest Collections..... The Issuer will apply the following amounts (the "**Interest Collections**") in accordance with the relevant Interest Priority of Payments on each Payment Date prior to the service of a Note Enforcement Notice:

(a) all amounts paid by the Swap Provider under the Swap Agreement in respect of the Interest Swap Amounts (or, following termination of the Swap Agreement, by the relevant swap counterparty in the spot market) in respect of Interest Swap Amounts;

(b) all Euro-denominated swap proceeds of the Additional Swap Amounts (other than Principal Cure Repayment Amounts);

(c) any Euro-denominated interest paid on the Transaction Accounts; and

(d) any Euro-denominated interest paid on Eligible Investments,

which, in each case, have been received by the Issuer during the most recently completed Interest Period. See "*Application of Funds*".

Allocation of Interest Collections Prior to Monetary Default..... On each Payment Date, provided that no Monetary Default (as defined below) has occurred and remains unremedied under the Mortgage Loan Agreement, the Issuer will apply all Interest Collections as follows:

(i) *first*, to pay certain fees and expenses, as set out below under "*—Senior Amounts*";

(ii) *second*, to pay *pro rata* and *pari passu* (a) the aggregate of all accrued but unpaid interest on the Notes (b) the aggregate of all accrued but unpaid interest on the Junior Loan and (c) any amounts payable to the Junior Lender in respect of Interest Cure Payments;

(iii) *third*, *pro rata* and *pari passu*, in payment of

(a) any amounts (the "**Subordinated Swap Amounts**") due and payable by the Issuer on such Payment Date to the Swap Provider (other than payments in respect of swap collateral) in accordance with and pursuant to the Swap Agreement, in respect of any payments due and payable by the Issuer following an early termination of the Swap Agreement as a result of (i) an event of default (as that term is defined in the Swap Agreement) in respect of which the Swap Provider is the defaulting party (as that term is defined in the Swap Agreement) or (ii) an additional termination event (as that term is defined in the Swap Agreement) as a result of the downgrade of the Swap Provider; and

(b) any amounts ("**Subordinated Liquidity Amounts**") due and payable by the Issuer on such Payment Date under the Liquidity Facility Agreement in respect of (a) Mandatory Costs in excess of 0.125% per annum and (b) any additional amounts payable to the Liquidity 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 Provider as a result of the imposition of increased costs; and

(iv) *fourth*, to the Originator in an amount equal to the Deferred Consideration.

Amounts payable to the Noteholders will be allocated to the holders of each Class of Notes in accordance with the priority of payments set out under "*—Allocation among Note Classes*", below.

"**Mandatory Costs**" means any costs incurred by the Liquidity 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.

Allocation of Interest Collections Following Monetary Default .....

On each Payment Date, if the Borrower fails to pay any amount when due and payable under the Mortgage Loan Agreement and such failure to pay constitutes an Event of Default under the Mortgage Loan Agreement (a "**Monetary Default**"), and such default has not been cured by the Junior Lender (as described under "*The Mortgage Loan—Junior Loan Agreement—Cure Payments*") or otherwise remedied, the Issuer will apply all Interest Collections in the following order of priority:

(i) *first*, to pay certain fees and expenses, as set out under "*—Senior Amounts*" below;

(ii) *second*, to the Noteholders, an amount equal to the aggregate of all accrued but unpaid interest on the Notes (other than the Class F Notes and the Class G Notes) and all unpaid interest accrued on the Class F Notes and the Class G Notes during the most recently completed Interest Period;

(iii) *third*, to the Junior Lender, all amounts then payable under the Junior Loan Agreement in respect of interest and Interest Cure Payments;

(iv) *fourth*, *pro rata* and *pari passu*, in payment of any Subordinated Swap Amounts and Subordinated Liquidity Amounts; and

(v) *fifth*, to the Originator, in an amount equal to the Deferred Consideration.

Amounts payable to the Noteholders will be allocated to the holders of each Class of Notes in accordance with the priority of payments set out under "*—Allocation among Note Classes*", below.

Senior Amounts.....

On each Payment Date prior to delivery of a Note Enforcement Notice, Interest Collections will be applied to pay the following amounts (collectively, the "**Senior Amounts**") prior to making payments in respect of interest on the Notes and the Junior Loan, as follows:

(i) *first*, in payment of all Priority Amounts then due and payable and in making provision for any Priority Amounts expected to become due and payable in the immediately forthcoming Interest Period;

(ii) *second*, in payment of any amounts due and payable by the Issuer to the Trustee and any Receiver, in accordance with and pursuant to the terms of the Transaction Documents;

(iii) *third*, *pro rata* and *pari passu*, in payment of all fees, costs and expenses then due to the Cash Manager under the Cash Management Agreement, the Master Servicer and the Special Servicer (excluding amounts in respect of Workout Fee and Liquidation Fee) under

the Servicing Agreement, the Agents under the Agency Agreement, the Issuer Operating Bank under the Cash Management Agreement, the Liquidity Provider (excluding interest and principal in respect of Income Deficiency Drawings and Subordinated Liquidity Amounts) under the Liquidity Facility Agreement and the Custodian under the Custody Agreement;

(iv) *fourth*, to the extent not paid pursuant to paragraph (iii) above, in payment of all interest, principal, and other amounts (excluding Subordinated Liquidity Amounts) then due and payable to the Liquidity Provider under the Liquidity Facility Agreement; and

(v) *fifth*, in payment, *pro rata* and *pari passu*, of any amounts (other than Interest Swap Amounts, Principal Swap Amounts, payments in respect of swap collateral and Subordinated Swap Amounts) due and payable to the Swap Provider under the Swap Agreement.

"**Priority Amounts**" means: (i) the amount to be deposited into the Issuer Dutch Account as required to be retained by the Issuer as minimum profit pursuant to an agreement with the Dutch tax authorities obtained on behalf of the Issuer, (ii) the amount of taxes owing by Issuer to any tax authority in respect of the most recently completed Interest Period (excluding Dutch corporate income tax payable in relation to the amounts referred to in (i) above, if any) and (iii) any amounts due and payable by the Issuer in the course of its business, consisting of sums due to third parties (other than the Secured Creditors) including all costs, expenses, fees and indemnity claims due and payable by the Issuer to any enforcement official appointed in respect of the Mortgage Loan or the Asset Security, to the extent not previously paid.

Allocation among Note Classes……..

On each Payment Date prior to the service of a Note Enforcement Notice, Interest Collections allocated to the Noteholders in accordance with the priorities listed above under "*—Allocation of Interest Collections prior to Monetary Default*" will be paid as follows:

(i) first, *pro rata* and *pari passu*, to pay:

(a) all interest then accrued but unpaid on the Class A Notes;

(b) all interest then accrued but unpaid on the Class X Notes;

(ii) *second*, in payment of all interest then accrued but unpaid on the Class B Notes;

(iii) *third*, in payment of all interest then accrued but unpaid on the Class C Notes;

(iv) *fourth*, in payment of all interest then accrued but unpaid on the Class D Notes;

(v) *fifth*, in payment of all interest then accrued but unpaid on the Class E Notes;

(vi) *sixth*, in payment of all interest accrued during the most recently completed Interest Period on the Class F Notes (excluding, for the avoidance of doubt, interest accrued during any other Interest Period and subject to the Class F Liquidity Cap); and

(vii) *seventh*, in payment of all interest accrued during the most recently completed Interest Period on the Class G Notes (excluding, for the avoidance of doubt, interest accrued during any other Interest Period and subject to the Class G Liquidity Cap).

The payment obligations and priorities set out under "*—Interest Priority of Payments—Interest Swap Amounts*", "*—Additional Swap Amounts*", "*—Interest Collections*"; "*—Allocation of Interest Collections Prior to Monetary Default*", "*—Allocation of Interest Collections Following Monetary Default*", and "*—Allocation among Note Classes*" are referred to in this Offering Circular, collectively, as the "**Interest Priority of Payments**".

Principal Priority of Payments

Principal Swap Amounts…… On each Payment Date prior to the termination of the Swap Agreement, the Issuer will pay to the Swap Provider under the Swap Agreement all principal (other than any amounts paid by the Borrower on the immediately preceding Loan Payment Date in respect of principal which had been due but had not been repaid on any previous Loan Payment Date and in respect of which a Principal Cure Payment had been made ("**Principal Cure Repayment Amounts**")) received by the Issuer in respect of the Mortgage Loan since the immediately preceding Payment Date, together with Principal Cure Payments received from the Junior Lender on or with respect to that Payment Date ("**Principal Swap Amounts**") and, after the termination of the Swap Agreement, the Issuer will swap the Principal Swap Amounts into Euro at the then prevailing spot market rate.

Principal Collections…… The Issuer will apply the following amounts ("**Principal Collections**") in accordance with the Principal Priority of Payments on each Payment Date prior to the service of a Note Enforcement Notice:

(a) all amounts paid by the Swap Provider under the Swap Agreement (or, following termination of the Swap Agreement, by the relevant swap counterparty in the spot market) in respect of the Principal Swap Amounts; and

(b) any Principal Cure Repayment Amounts (having been swapped into Euro at the then prevailing swap market rate, as described above under "*Interest Priority of Payments—Additional Swap Amounts*"),

which, in each case, have been received by the Issuer during the most recently completed Interest Period. See "*Application of Funds*".

Allocations of Principal Collections Prior to Borrower Monetary Default……

On each Payment Date prior to the service of a Note Enforcement Notice, provided that no Monetary Default has occurred and remains unremedied under the Mortgage Loan Agreement (or uncured by the Junior Lender as described under "*The Mortgage Loan—Junior Loan Agreement—Cure Payments*"), the Issuer will apply all Principal Collections in the following order of priority:

(a) *first*, to pay all Workout Fees and Liquidation Fees then due to the Special Servicer in accordance with the Special Servicing Agreement; and

(b) *second*, *pari passu* (a) to repay principal on the Notes (excluding the Class X Notes, unless principal is then repayable thereon), (b) to repay principal on the Junior Loan and (c) to repay any amount payable to the Junior Lender in respect of Principal Cure Payments, *pro rata* in accordance with the respective amounts owing thereto.

Amounts allocated to the Noteholders will be repaid to the holders of each Class of Notes in accordance with the relevant priority of payments set out below under "*—Pro Rata Allocation of Principal Collections among Note Classes*" and "*—Sequential Allocation of Principal Collections among Note Classes* ".

Allocations of Principal Collections Following Monetary Default ……

On each Payment Date prior to the service of a Note Enforcement Notice, following the occurrence of a Monetary Default and for so long as such default is unremedied (or uncured by the Junior Lender as described under "*The Mortgage Loan—Junior Loan Agreement—Cure Payments*"), the Issuer will apply all Principal Collections in the following order of priority:

(i) *first*, to pay all Workout Fees and Liquidation Fees then due to the Special Servicer in accordance with the Special Servicing Agreement;

(ii) *second*, to the Noteholders, up to the aggregate outstanding principal amount of the Notes (excluding the Class X Notes, unless principal is then repayable thereon); and

(iii) *third*, to the Junior Lender, up to the outstanding principal amount of the Junior Loan and any amounts due to the Junior Lender in respect of Principal Cure Payments.

Amounts allocated to the Noteholders will be repaid to the holders of each Class of Notes in accordance with the priority of payments set out below under "*—Pro Rata Allocation of Principal Collections among Note Classes*" and "*—Sequential Allocation of Principal Collections among Note Classes*".

Pro Rata Allocation of Principal Collections among Note Classes……

On each Payment Date prior to the service of a Note Enforcement Notice, provided (a) there has been no Principal Loss Event and (b) the Notes have an aggregate principal amount outstanding of greater than 50% of their initial aggregate principal amount and (c) no Monetary Default has occurred and is continuing, the portion of the Principal Collections allocated to the Noteholders in accordance with the priorities listed above under "*—Allocations of Principal Collections Prior to Monetary Default*" will be applied to the repayment of principal on each class of Notes *pari passu* and *pro rata* in accordance with the Principal Amount Outstanding of each such class; provided that Principal Collections which arise from the Disposal of the Arenan 2 Property will be allocated *pari passu* and *pro rata* on each class of Notes if the conditions referred to in paragraphs (a) and (c) above are satisfied, notwithstanding the then principal amount outstanding of the Notes.

Sequential Allocation of Principal Collections among Note Classes ……

On each Payment Date prior to the service of a Note Enforcement Notice, if (a) a Principal Loss Event has occurred or (b) the Notes have an aggregate principal amount outstanding equal to or less than 50% of their initial aggregate principal amount or (c) a Monetary Default has occurred and is continuing, Principal Collections allocated to the Noteholders in accordance with the priorities listed above under "*—Allocations of Principal Collections Following Monetary Default*" will be paid as follows:

(i) *first*, *pro rata* and *pari passu*, to repay

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

  (b) if principal on the Class X Notes is then repayable in accordance with the Conditions, principal on the Class X Notes until all of the Class X Notes have been redeemed in full;

(ii) *second*, to the Class B Notes until all of the Class B Notes have been redeemed in full;

(iii) *third*, to the Class C Notes until all of the Class C Notes have been redeemed in full;

(iv) *fourth*, to the Class D Notes until all of the Class D Notes have been redeemed in full;

(v) *fifth*, to the Class E Notes until all of the Class E Notes have been redeemed in full;

(vi) *sixth*, to the Class F Notes until all of the Class F Notes have been redeemed in full; and

(vii) *seventh*, to the Class G Notes until all of the Class G Notes have been redeemed in full;

provided that Principal Collections which arise from the Disposal of the Arenan 2 Property will be allocated *pari passu* and *pro rata* on each class of Notes as provided in "*—Pro Rata Allocation of Principal Collections among Note Classes*" above, notwithstanding the then principal amount

outstanding of the Notes, unless any of the conditions referred to in paragraphs (a) or (c) above are satisfied.

The payment obligations and priorities set out in "*Principal Priority of Payments—Principal Swap Amounts*", "*—Principal Collections*", "*—Allocations of Principal Collections Prior to Monetary Default*", "*—Allocations of Principal Collections Following Monetary Default*", in "*—Pro Rata Allocation of Principal Collections among Note Classes*" and "*—Sequential Allocation of Principal Collections among Note Classes*" are referred to in this Offering Circular, collectively, as the "**Principal Priority of Payments**".

Post-Enforcement Priority of Payments

After the service of a Note Enforcement Notice, the Trustee will apply all amounts then available for distribution under the Deed of Charge (after swapping Kronor into Euro, as necessary, at the prevailing spot market rate) in the following order of priority:

(a) *first*, in or towards payment of the following amounts in the following order of priority:

(i) *first*, in payment of all Priority Amounts then due and payable and in making provision for any Priority Amounts expected to become due and payable in the immediately forthcoming Interest Period;

(ii) *second*, in payment of any amounts due and payable by the Issuer to the Trustee and any Receiver, in accordance with and pursuant to the terms of the Transaction Documents;

(iii) *third*, *pro rata* and *pari passu*, in payment of all fees, costs and expenses then due to the Cash Manager under the Cash Management Agreement, the Master Servicer and the Special Servicer (excluding amounts in respect of Workout Fee and Liquidation Fee) under the Servicing Agreement, the Agents under the Agency Agreement, the Issuer Operating Bank under the Cash Management Agreement, the Liquidity Provider (excluding interest and principal in respect of Income Deficiency Drawings and Subordinated Liquidity Amounts) under the Liquidity Facility Agreement and the Custodian under the Custody Agreement;

(iv) *fourth*, to the extent not paid pursuant to paragraph (iii) above, in payment of all interest, principal, and other amounts (excluding Subordinated Liquidity Amounts) then due and payable to the Liquidity Provider under the Liquidity Facility

Agreement; and

(v) *fifth*, to pay, *pro rata* and *pari passu*, any amounts (other than Interest Swap Amounts, Principal Swap Amounts, payments in respect of swap collateral and Subordinated Swap Amounts) due and payable to the Swap Provider under the Swap Agreement; and

(vi) *sixth*, in payment of all Workout Fees and Liquidation Fees then due to the Special Servicer in accordance with the Servicing Agreement;

(b) *second*, in or towards payment of:

(i) on a *pari passu* and *pro rata* basis, interest accrued but unpaid on the Class A Notes and the Class X Notes; and

(ii) after payment of all such sums referred to in paragraph (b)(i) above, on a *pro rata* and *pari passu* basis all amounts of principal outstanding on the Class A Notes until all of the Class A Notes have been redeemed in full and the Class X Notes until all the Class X Notes have been redeemed in full;

(c) *third*, in or towards payment of:

(i) interest accrued but unpaid on the Class B Notes; and

(ii) after payment of all such sums referred to in paragraph (c)(i) above, all amounts of principal outstanding on the Class B Notes until all of the Class B Notes have been redeemed in full;

(d) *fourth*, in or towards payment of:

(i) interest accrued but unpaid on the Class C Notes; and

(ii) after payment of all such sums referred to in paragraph (d)(i) above, all amounts of principal outstanding on the Class C Notes until all of the Class C Notes have been redeemed in full;

(e) *fifth*, in or towards payment of:

(i) interest accrued but unpaid on the Class D Notes; and

(ii) after payment of all such sums referred to in paragraph (e)(i) above, all amounts of principal outstanding on the Class D Notes until all of the Class D Notes have been redeemed in full;

(f) *sixth*, in or towards payment of:

(i) interest accrued but unpaid on the Class E Notes; and

(ii) after payment of all such sums referred to in paragraph (f)(i) above, all amounts of principal outstanding on the Class E Notes until all of the Class E Notes have been redeemed in full;

(g) *seventh*, in or towards payment of:

(i) interest accrued but unpaid on the Class F Notes; and

(ii) after payment of all such sums referred to in paragraph (g)(i) above, all amounts of principal outstanding on the Class F Notes until all of the Class F Notes have been redeemed in full;

(h) *eighth*, in or towards payment of:

(i) interest accrued but unpaid on the Class G Notes; and

(ii) after payment of all such sums referred to in paragraph (j)(i) above, all amounts of principal outstanding on the Class G Notes until all of the Class G Notes have been redeemed in full;

(i) *ninth*, in or towards payment of:

(i) all accrued but unpaid interest, fees and other amounts (other than principal) due under the Junior Loan Agreement; and

(ii) after payment of all such sums referred to in paragraph (i)(i) above, all amounts of principal outstanding on the Junior Loan;

(j) *tenth*, in payment of any Subordinated Swap Amounts and Subordinated Liquidity Amounts *pari passu* and *pro rata*; and

(k) *eleventh*, in payment of all amounts of Deferred Consideration payable to the Originator

(the "**Post-Enforcement Priority of Payments**" and, together with the Interest Priority of Payments and the Principal Priority of Payments, the "**Priorities of Payments**").

10. **Use of Proceeds…….** The net proceeds of the issue of the Notes, together with the funds advanced by the Junior Lender in respect of the Junior Loan, after exchanging Euro for Kronor at the then prevailing spot market rate, will be applied by the Issuer to the purchase of the Mortgage Loan from the Originator, an affiliate of Lehman Brothers International (Europe), on the Issue Date.

INVESTMENT CONSIDERATIONS

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 information regarding the Mortgage Loan and the Notes and the other related transactions contained elsewhere in this Offering Circular.

Considerations Related to the Mortgage Loan

Borrower Default; Sufficiency of Borrower's Assets. Payments on the Mortgage Loan are dependent primarily on the sufficiency of the rental income from the Properties and the Rental Guarantee and, upon default by the Borrower or on the Loan Maturity Date, the market value of the Properties, the Borrower's ability to refinance the Properties and/or the Obligors' ability to let the Properties.

The Borrower's ability to make payments due under the Mortgage Loan will be subject to the risks generally associated with investment in commercial property. These risks include adverse changes in general or local economic conditions, the financial condition of the tenants of the Properties, vacancy levels, property and rental values generally and in the locality of the Properties, interest rates, property tax rates, other taxes and operating expenses or the need for capital expenditure, inflation, the supply of and demand for office, retail and industrial properties and development land, 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 use of a Property, war, civil disorder, acts of terrorism, acts of God (such as floods) and other factors beyond the control of the Obligors. 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. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the property. Even good construction will deteriorate over time if the property managers do not schedule and perform adequate maintenance in a timely fashion. If, during the term of the Mortgage Loan, competing properties of a similar type are built in the areas where the Properties are located or similar properties in the vicinity of the Properties are substantially updated and refurbished, the value and net operating income of such Properties could be reduced. These and other factors may make it impossible for Properties to generate sufficient income to make full and timely payments on the Mortgage Loan.

Dependence on Tenants. The Borrower relies on rental payments from tenants to service the Mortgage Loan and any other debt or obligations it may have outstanding, to pay for maintenance and other operating expenses of the buildings, and to fund capital improvements. 73% of the leases, as measured by rental income, expire or permit the related tenant to terminate its lease during the term of the Mortgage Loan at the tenant's option. There can be no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the term of their leases. Further, under Swedish law tenants are permitted to terminate the relevant lease by reason of a material breach of the landlord's obligations thereunder.

Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a failure to make rental payments when due. If a tenant of a Property, particularly a significant tenant, were to default in its obligations due, the Borrower might experience delays in enforcing its rights and may incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and reletting the relevant Property.

The income of the Borrower, and the market value of a Property, would be adversely affected if tenants were unable to pay rent or if space was unable to be rented on favourable terms or at all.

Unperfected Security over the Rental Income Account. In order to perfect a fixed security over the balance of funds standing to the credit of an account under Swedish law, the pledgor must be effectively deprived of its right to collect or dispose of such balance of funds. Because the Borrower has signing rights over the Rental Income Account prior to the occurrence of an event of default under the Mortgage Loan Agreement (a "**Loan Event of Default**"), it is uncertain whether

the security created by the Borrower over the Rental Income Account will be 'perfected', and consequently whether the security created over the Rental Income Account would be valid in the event of the insolvency of the Borrower. However, the Borrower is required under the Mortgage Loan Agreement to transfer funds from the Rental Income Account to the Interest Payment Account on a weekly basis (or daily, if the Borrower is in breach of a Financial Ratio Test or if an Adjusted Scheduled Amortisation Amount remains unpaid) in an amount sufficient to cover all accrued interest, fees and Adjusted Scheduled Amortisation Amounts due by the Borrower on the next Loan Payment Date (provided that certain higher ranking expenses, such as headlease rent and unpaid Operating Expenses, have been paid in full). See "*The Mortgage Loan—The Borrower Accounts*", below.

Validity of Security over the Disposals Proceeds Account. As mentioned above, it is a requirement under Swedish law that, in order to perfect a fixed security over the funds standing to the credit of an account, the pledgor be effectively deprived of its right to collect and dispose of such funds. Swedish law offers no definite guidance on what would constitute an effective deprivation for this purpose in all circumstances. Therefore it is uncertain as to whether the provisions of the Mortgage Loan Agreement on withdrawals of amounts from the Disposal Proceeds Account and, more specifically, the provisions therein that certain amounts shall be paid from that account as the Borrower may direct to be used by the Borrower for any purpose, are prejudicial to the perfection and validity of the pledge of the benefit of the Disposals Proceeds Account. However, because the Security Agent has sole signing rights over the Disposal Proceeds Account, the Borrower cannot control the release of funds from the Disposal Proceeds Account. Advokatfirman Cederquist KB, Swedish counsel to the Managers, has advised the Managers that it is not likely that the Issuer's security interest in the Disposal Proceeds Account will be unperfected or invalid, other than in respect of the amounts payable at the direction of the Borrower from time to time in accordance with the Mortgage Loan Agreement.

Considerations Relating to the Powers of Attorney. The Borrower has granted powers of attorney to the Security Agent for the purpose of enabling the Security Agent to make withdrawals from the Borrower Accounts. However, Swedish law is unsettled as to whether, or to what extent, a power of attorney can be made irrevocable and it is therefore possible that (i) any power of attorney granted by the Borrower or any other party in favour of the Security Agent on behalf of the Issuer could be revoked or (ii) such power of attorney would terminate upon the bankruptcy of the Borrower or such other party. The Asset Security does not rely upon any powers of attorney granted under the Asset Security Documents for its effectiveness. Such powers of attorney would, however, facilitate any action required to be taken by the Security Agent to maintain and preserve the security created under the Asset Security Documents.

Recovery of Principal Upon Enforcement of the Mortgage Loan. In the event of a default by the Borrower, enforcement of the *Pantbrev* and the other Asset Security may delay recovery by the Special Servicer on behalf of the Issuer of amounts owed under the Mortgage Loan because enforcement must be conducted through *Kronofogdemyndigheten* (the "**Swedish Enforcement Agency**") in accordance with the procedures described under "*Aspects of Swedish Law Relevant to the Asset Security and Enforcement*". In addition, the value of a Property at the time that security over it is enforced may be adversely affected by risks generally incidental to interests in commercial property as described under "*—Borrower Default; Sufficiency of Borrower's Assets*" above. The value of the shares in a Property Company pledged under the Share Pledges may be similarly adversely affected by these risks because the value of those shares will be dependent on the value of the Property held by the relevant Property Company.

The principal amount of the Mortgage Loan does not exceed the aggregate *Pantbrev* amount with respect to the Properties. However, the Issuer will not rank as a secured creditor for amounts realised upon enforcement of the security in respect of a particular Property to the extent that amounts owed to it under the Mortgage Loan are in excess of the *Pantbrev* Entitlement (as defined below) with respect to that Property. The maximum amount which may be recovered on a secured basis from any single Property will be its *Pantbrev* amount plus 15% plus a statutory rate of interest on such *Pantbrev* amount from the commencement of bankruptcy or forced sale proceedings to the date of payment (the "***Pantbrev* Entitlement**", as further described under "*Aspects of Swedish Law Relevant to the Asset Security and Enforcement* ").

However the shares pledged under the Share Pledges may be realised by the Security Agent in its absolute discretion through one or more sales in any manner permitted by law if a Loan Event of Default has occurred and is outstanding. The Security Agent could, but is not required to, enforce the Share Pledge by means of a public auction and on such auction purchase the shares itself which would enable the Security Agent to take control of the certain of the Obligors by replacing the board of directors of the Obligors and thereafter effecting the necessary resolution for a sale of the Properties. Nevertheless, there can be no assurance that, upon the enforcement of any security for the Mortgage Loan, all amounts owed thereunder would be recoverable on a timely basis or at all. See "*Aspects of Swedish Law Relevant to the Asset Security and Enforcement* ".

Enforceability of Up-Stream and Cross-Stream Security. The legal validity and the enforceability of up-stream and cross-stream security granted by a Swedish limited liability company, such as the security granted by the Property Companies in respect of the Mortgage Loan, is subject to the condition that the company providing security will receive a corporate benefit that is commensurate with the obligations assumed by it under such security. Therefore, the value of the security granted by a Property Company in respect of the Mortgage Loan will be restricted to the amount of corporate benefit enjoyed by such company in providing the security.

Whether or not, or the extent to which, sufficient corporate benefit has been enjoyed by a security granting Swedish limited liability company would ultimately be assessed by a Swedish court and the outcome of such an assessment is uncertain. If no corporate benefit exists, the value of a security granted by a Swedish limited liability company will be restricted to the amount of its distributable reserves as determined by reference to the latest adopted balance sheet of the company existing at the time when the security was granted.

However, if a Swedish court were to determine that the corporate benefit received by any Property Company in respect of any up-stream or cross-stream security granted by it were less than the amount of the allocated loan amount of the related Property, the Security Agent would nevertheless be able to realise the full allocated loan amount by enforcing the first priority pledge granted to the Security Agent by the Borrower over its interest in each Property Company Note, including the *Pantbrev* security granted by the related Property Company to the Borrower in respect of the Property Company's obligations under the note.

Operating Expenses. The Mortgage Loan Agreement permits the Borrower to pay Operating Expenses, Leasing Commissions, Tenant's Improvements and Capital Expenditure before payment of interest, principal and other amounts owing to the Finance Parties. The amount of such expenses typically vary and may result in a shortfall of interest and principal payable on the Notes.

The annual budget for Leasing Commissions, Tenant's Improvements and Capital Expenditure must be approved annually by the Security Agent (such approval not to be unreasonably withheld). The Mortgage Loan Agreement provides that the Obligors must only pay amounts out of the Rental Income Account in respect of headlease rent, Leasing Commissions, Tenant's Improvements and Capital Expenditure. See "*The Mortgage Loan Agreement—The Borrower Accounts*".

Borrower's Ability to Refinance, Sell the Properties or to Extend the Loan Maturity Date. The ability of the Borrower to repay the Mortgage Loan on the Loan Maturity Date will depend upon the Borrower's ability either to refinance the Mortgage Loan or to sell the Properties. The ability of the Borrower to accomplish the foregoing will be affected by a number of factors, including the availability of financing at the time, the Borrower's equity in the Properties, the financial condition of the Obligors (including any additional indebtedness), the operating history of the Properties and the tenants, the general economic or local conditions and the factors described under "*—Borrower Default; Sufficiency of Borrower's Assets*" above. In addition, the Arenan 8, Hasseln 5, Oxen Mindre 33 and Signalen 1 Properties contain structures that are or in the future may be subject to government restrictions on alteration. The Issuer understands that the relevant local governments are currently considering proposals (1) to reconstruct a football stadium in the Globen area, which may potentially result in the expropriation of all or a portion of the Arenan 6 and/or Arenan 8 Properties and (2) in connection with a road project near the Valsverket 8-10 Property, which could potentially result in the expropriation of a small portion of the Property. Generally, the purchase price paid upon expropriation is the market value or determined by a court. None of the

Issuer, the Originator, Lehman Brothers International (Europe) or any of their respective affiliates or any other person is or will be under any obligation to refinance the Mortgage Loan and there is no assurance that the aggregate value of the Properties on the Loan Maturity Date of the Mortgage Loan will be equal to or exceed the amounts then due under the Mortgage Loan.

Geographic Concentration. All of the Properties are located in the greater Stockholm area, and 44.8% (measured by gross rental income) of the Properties are located in the Globen area of Stockholm. Repayments under the Mortgage Loan and the market value of the Properties could be adversely affected by conditions in the property markets where the Properties are located, acts of nature and other factors that are beyond the control of the Borrower. In addition, the performance of the Properties will be dependent upon the strength of the economy of Stockholm and the surrounding areas.

The Stockholm property market is cyclical and has experienced a decline in the past two years. The level of economic growth in general in Stockholm will affect net absorption of office and retail space and increases in rental rates. The economy of any region in which a Property is located may be adversely affected to a greater degree than that of other areas of the country or in another country by certain developments affecting industries concentrated in such region. A weakening of the retail and business sectors in Stockholm may adversely affect such Property's operation and lessen its market value. Additionally, commercial property can be affected significantly by the supply and demand in the market for the types of property securing the Mortgage Loan and therefore may be subject to adverse economic conditions of the local region. Conversely, a strong market could lead to increased building and increased competition for tenants. In either case, the resulting effect on the operations of such Properties could adversely affect the amount and timing of payments on the Mortgage Loan and consequently the amount and timing of payments on the Notes.

Property Condition. Each of the Properties was inspected in connection with the origination of the Mortgage Loan to assess the structure, exterior walls, roofing, interior construction, mechanical and electrical systems and general condition of the site, buildings and other improvements located at the Properties, including compliance with local regulations regarding handicapped access. In some cases, the inspections identified conditions at a Property requiring substantial near term repairs or replacements. There is no assurance, however, that all conditions requiring repair or replacement were identified, or that any required repair or replacements will be completed as needed.

Considerations Related to Office Properties. 76% of the Properties, as measured by rental income, are office properties. Various factors affect the viability of office properties, including locations, local, regional and national economic conditions and increased competition. The success of an office property is dependent to a certain extent on the quality of the location of the property, which affects the accessibility of the property to potential customers and population centres. In addition, adverse developments in the local, regional and national economies affect spending on the services provided at office properties and the cost of operating an office property and can have a significant effect on the success of an office property, including through lease defaults, difficulty in attracting replacement tenants for expiring or terminated leases and downward price pressure from a higher vacancy rate. Increased competition in the market of an office property through the addition of competing properties nearby or otherwise can adversely impact the success of an office property, even if (and possibly because) the local, regional and national economies are doing well. Further, technological developments can affect the viability of office properties by rendering facilities obsolete or by reducing the size of the work force necessary to perform office tasks, thus reducing demand for office space.

Considerations Related to Retail Properties. 13% of the Properties, as measured by rental income, are retail properties. The value of retail properties is significantly affected by the quality of the tenants as well as fundamental aspects of commercial property, such as location and market demographics. In addition to location, competition from other retail spaces and the construction of other shopping centres, retail properties face competition from other forms of retailing outside a given property market (such as mail order, catalogue selling, discount shopping centres and selling through the Internet), which may reduce retailers' need for space and therefore, the rents collectable from retail properties.

Bankruptcy of an Obligor. If an Obligor or the creditors were to commence bankruptcy proceedings in Sweden, an administrator (Swedish: *Konkursförvaltare* and herein, a "**Swedish Bankruptcy Administrator**") would be appointed by the court to realise the assets of the Obligor and to apply the proceeds in discharging creditors.

A Swedish Bankruptcy Administrator may stop making payments of interest and principal under the Mortgage Loan or, as the case may be, a Property Company Note, which would ultimately affect payments under the Mortgage Loan.

Following the appointment of a Swedish Bankruptcy Administrator, the likelihood, timing, frequency and amounts of payments (if any) to the Issuer under the Mortgage Loan and the time it will take to realise the Properties cannot be predicted.

The Obligors are permitted to incur subordinate indebtedness. See "*—Additional Indebtedness and Other Liabilities*" below.

Considerations Related to Leasehold Properties. The Obligor's interest in eight of the Properties, which account for 16% of gross operating income, are leasehold interests only. If payments in respect of a leasehold Property are not paid to the relevant superior landlord when due or covenants are not complied with, there is a risk that the lease may be forfeited by the superior landlord and a risk that rents due from the occupational tenants may in such circumstances be diverted to the superior landlord and will not therefore be available to the Borrower to make payments on the Mortgage Loan. The Obligors have covenanted under the Mortgage Loan Agreement to comply with such covenants. In addition, under the Servicing Agreement, the Master Servicer and, as applicable, the Special Servicer will generally be required to advance amounts due to a superior landlord if the relevant Obligor fails to pay amounts on a timely basis.

Environmental Considerations. Certain existing Swedish environmental laws impose liability for clean-up costs if a property is or becomes contaminated. The Borrower may be liable for the entire amount of the clean-up and redemption costs for a contaminated site regardless of whether the contamination was caused by it, thereby reducing its ability to make payments on the Mortgage Loan. In addition, the presence of hazardous or toxic substances, or the failure properly to remedy adverse environmental conditions at a Property, may adversely affect the market value of the Property as well as the relevant Obligor's ability to sell, lease or refinance the Property.

The presence or possible presence of asbestos, PCBs and radon has been identified on some of the Properties. In addition, possible contaminative historical usage of some of the Properties, including the presence of underground heating oil tanks, have been identified. A Phase II environmental survey has been recommended in respect of the Valsverket 8-10 Property. However, 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 Borrower's business or results of its operations.

There is currently no legislation in Sweden forcing a property owner to remove PCBs identified at the property, although the need for such legislation is being considered and a government bill being prepared. A property owner in breach of Swedish environmental legislation may be liable to pay fines, clean-up costs and environmental sanction charges. Such charges are currently capped at a maximum amount of SEK1,000,000 for each breach.

Considerations Associated with the Management of the Properties by the Property Manager and the Asset Manager. The effective management and operation of a Property affects the revenues, expenses and value of such Property. Each Property will be managed by the Property Manager and the Asset Manager.

The Property Manager is responsible, *inter alia*, for rent and service charge collection, conducting negotiations with tenants concerning outstanding debts, accepting, certifying and paying invoices regarding tariff charges, drawing up and signing lease agreements, reporting on the business transactions in respect of each Property and general tenant liaison, as such services are more particularly described in "*The Properties—Management of the Properties*".

The Asset Manager is responsible for, *inter alia*, overseeing the Property Manager and the day-to-day management of all aspects of the business and operations of the Property Companies, including all construction, leasing, marketing, disposition and operating activities of each Property Company and each Property Company's assets, as such services are more particularly described in "*The Properties—Management of the Properties*".

Properties deriving revenues primarily from 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 Manager and the Asset Manager will be in a financial condition to fulfil their responsibilities throughout the terms of their respective agreements. Furthermore, the Properties are managed by the same Property Manager and Asset Manager and in the event that such manager is unable to perform its duties, this will affect all of the Properties. The Property Manager, Asset Manager and their officers and employees may be subject to conflicts of interest in their management of a Property, particularly if they manage other commercial properties in the same areas as any Property, but in certain instances the Security Agent has the rights to approve an alternative Property Manager or Asset Manager.

Due Diligence. Neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other due diligence as to any Obligors' status or title to the Properties. The only due diligence conducted was undertaken by the Originator (or on its behalf) at the time of the origination of the Mortgage Loan, which was limited to a review of the reports on title prepared by counsel to the Borrower, land registry checks prepared by the Obligors' solicitors, site visits, third party valuations of the Properties and environmental and structural surveys. Each of the parties that prepared these reports has issued a letter of reliance to the Security Agent on behalf of the Finance Parties. The liability of each such party for the reports is capped under the relevant reliance letter. See "*The Mortgage Loan—Origination of the Mortgage Loan*".

Sufficiency of Insurance. Although the Mortgage Loan Agreement requires each Property to be insured at appropriate levels and against the usual risks, 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 risks that the Mortgage Loan Agreement requires to be covered include, but are not limited to, loss (including loss of rent for a period of two years) or damage caused by any of the following:

(a) riot, civil commotion and malicious damage;

(b) fire, storm, tempest, flood, earthquake, lightning;

(c) explosion, impact, aircraft (other than hostile aircraft) and other aerial devices and articles dropped from them;

(d) bursting or overflowing of water tanks, apparatus or pipes; and

(e) such other risks and contingencies as are insured in accordance with sound commercial practice,

to the full reinstatement value thereof with adequate provision also being made for the cost of clearing the site and architects', engineers', surveyors' and other professional fees incidental thereto (together with provision for forward inflation).

The Obligors are also obliged to effect:

(a) insurance in respect of all acts of terrorism in relation to the Properties ("**Terrorism Insurance**") up to a maximum insured amount equal to the aggregate reinstatement value of certain of the Properties, as described under "*The Mortgage Loan—Insurance*", and further subject to a deductible of €1,000,000; and

(b) insurance against third party and public liability risks.

Should an uninsured loss or a loss in excess of insured limits occur at a Property, the relevant Obligor 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 Insurance. In addition, the Borrower is relying on the creditworthiness of the insurers providing insurance with respect to the Properties and the continuing availability of insurance to cover the required risks, in respect of neither of which assurances can be made.

Additional Indebtedness and Other Liabilities. The Mortgage Loan Agreement permits, *inter alia*, the Borrower and the Parent to incur additional indebtedness, including intra-group and certain subordinated indebtedness, subject to the satisfaction of certain conditions. The Obligors are obligated to the Parent and between each other in respect of intercompany indebtedness and are also obligated in respect of certain subordinated debt. However, each Obligor and the Parent has agreed that it will cause such additional creditors to subordinate their rights to enforce to that of the Security Agent and the other Finance Parties.

Each Property Company will owe liability to tenants and other persons in the course of its property ownership and investment business.

Limitations of Valuations. The Valuation was conducted in June 2003. In general, valuations represent the analysis and opinion of qualified valuers based on, among other things, the valuer's assumptions and judgments, including with respect to future rent, vacancies, operating costs and tenant creditworthiness, and are not guarantees of present or future value. Moreover, valuations seek to establish the amount a typically motivated buyer would pay a typically motivated seller. However, there can be no assurance that the market value of the Properties will continue to equal or exceed their valuations. 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 a Loan Event of Default, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Notes. See "*Considerations Related to the Notes—Potential Conflict of Interests*".

Limitations of Representations and Warranties Delivered by the Originator. Except as described under "*The Mortgage Loan—Asset Sale Agreement*", neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions as to the status of the Borrower or any other Obligor, and each will rely instead solely on the warranties given by the Originator in respect of such matters in the Asset Sale Agreement. The sole remedy against the Originator of each of the Issuer and the Trustee in respect of any breach of warranty relating to the Mortgage Loan and related security will be to require the Originator to repurchase the Mortgage Loan under the Asset Sale Agreement if such breach is material and has a material adverse effect on the interests of the holders of the Notes, provided that this shall not limit any other remedies available to the Issuer and/or the Trustee if the Originator fails to repurchase the Mortgage Loan when obligated to do so.

Servicing of the Mortgage Loan. In the circumstances described under "*Servicing of the Mortgage Loan—Termination of the Appointment of the Master Servicer or the Special Servicer*", the Master Servicer and, as applicable, the Special Servicer may cease to act as such under the Servicing Agreement. Although the Servicing Agreement provides that the termination of the Master Servicer's (or, as the case may be, the Special Servicer's) appointment may not take effect until such time as a satisfactory successor has been appointed, there can be no assurance that a successor could be found who would be willing to service the Mortgage Loan at a commercially reasonable fee, or at all.

Considerations Related to the Notes

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 any of the parties to the Transaction Documents (together, the "**Transaction Parties**") or any other person (other than the Issuer), or any company in the same group of companies as, or affiliated with, any of the Transaction Parties (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.

Limited Recourse and Non-Petition. The Issuer is a special purpose financing entity with no business operations other than the issue of the Notes, the purchase of the Mortgage Loan, the advance of the Junior Loan and the transactions ancillary thereto. The Mortgage Loan payments, payments to the Issuer pursuant to the terms of the Swap Agreement, drawings by the Issuer pursuant to the terms of the Liquidity Facility Agreement, cure payments by the Junior Lender and funds standing to the credit of certain of the Issuer Accounts (together with any interest paid thereon) 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. Furthermore, no amount shall be due or payable by the Issuer to the Noteholders except to the extent that the Issuer has sufficient funds to pay such amount in accordance with the relevant Priority of Payments.

Enforcement of the Issuer Security constituted pursuant to the Deed of Charge is the only remedy available for the purpose of recovering amounts owed in respect of the Notes. The Issuer will have no recourse to the Originator other than in respect of breaches of representations and warranties under the Asset Sale Agreement which materially and adversely affect the holders of the Notes and requires the Originator to either cure the relevant breach or repurchase the Mortgage Loan.

On the enforcement of the Issuer Security, the Noteholders will only have recourse to the assets charged or assigned by the Issuer by way of security pursuant to the terms of the Deed of Charge. These assets consist primarily of the Mortgage Loan and the Issuer's rights in respect of the Asset Security.

In addition, at any time while the Notes are outstanding, none of the Noteholders, the Trustee (nor any person acting on behalf of any of them) or the Junior Lender shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed, the Deed of Charge or otherwise owed to the Noteholders nor shall any of them have a claim arising in respect of the share capital of the Issuer.

Pursuant to the Junior Loan Agreement and the Deed of Charge, the Junior Lender agrees that it will only have recourse to the assets of the Issuer in the event of the enforcement of the Issuer Security and its recourse will be limited to those assets charged or assigned by the Issuer by way of security pursuant to the terms of the Deed of Charge.

Effect of Prepayments on the Mortgage Loan. Subject to the satisfaction of certain conditions, the aggregate principal balance of the Mortgage Loan may be prepaid prior to the Loan Maturity Date. Prepayments on the Mortgage Loan may result in a reduction in Interest Collections and a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes on such Payment Dates. The prepayment risk, to the extent that prepayments are made by the Borrower voluntarily and not upon enforcement of the Mortgage Loan, will be borne initially by the holders of the then most junior class of Notes. The Class X Notes are also particularly sensitive to prepayments of the Mortgage Loan. See "*—Class X Notes*".

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 Mortgage 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 Mortgage 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 Mortgage 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 the Prepayment Fees

and Extension Fees paid by the Borrower will be paid by the Issuer to the Originator (or any other person or persons then otherwise entitled thereto) as a component of the consideration payable pursuant to the terms of the Asset Sale Agreement and will not therefore be available to compensate any Noteholders of any other class for any reductions in yield.

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

Potential Conflict of Interests. There are no restrictions on the Master Servicer and, as applicable, the Special Servicer acquiring Notes or servicing loans for third parties, including loans similar to the Mortgage Loan. The properties securing any such loans may be in the same markets as the Properties. Consequently, personnel of the Master Servicer and, as applicable, the Special Servicer may perform services on behalf of the Issuer with respect to the Mortgage Loan at the same time as they are performing services on behalf of other persons with respect to other mortgage loans secured by properties that compete with the Properties. Despite the obligation of the Master Servicer and, as applicable, the Special Servicer to perform its servicing obligations in accordance with the terms of the Servicing Agreement, such other servicing and property management obligations may pose inherent conflicts for the Master Servicer.

The Servicing Agreement requires the Master Servicer and, as applicable, the Special Servicer to service the Mortgage Loan in accordance with the Servicing Standard. Certain discretion is given to the Master Servicer and, as applicable, the Special Servicer in determining how and in what manner to proceed in relation to the Mortgage Loan. Further, since the Master Servicer and, as applicable, the Special Servicer may acquire Notes, it could, at any time, hold any or all of the most junior class of 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.

The ultimate holding company of each of Lehman Brothers International (Europe), the lead manager in respect of the issue of the Notes, and MABLE Commercial Funding Limited, the Security Agent of the finance parties of the Mortgage Loan, is Lehman Brothers Holdings Inc. MABLE is the originator of the Mortgage Loan and will transfer all of its rights to the Mortgage Loan and related security, among other things, to the Issuer. MABLE, Lehman Brothers Holdings or an affiliate could initially be the Junior Lender. Lehman Brothers International (Europe) is also the Cash Trap Holder under the Mortgage Loan Agreement, as described under "*The Mortgage Loan—The Borrower Accounts—Cash Trap Account*". Conflicts of interest may exist or may arise as a consequence of the various Lehman Brothers' entities having different roles in this transaction.

Property management services and leasing services in relation to the Properties are provided by NewSec Foervaltning AB, the property management subsidiary of NewSec AB. Asset management services in relation to the Properties are provided by NewSec Incentive Asset Management AB, the asset management subsidiary of NewSec AB. The valuation of the Portfolio is provided by NewSec Analysis AB, the valuation subsidiary of NewSec AB. Conflicts of interest may exist or may arise as a consequence of the various NewSec AB's entities having different roles in this transaction.

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 Trustee, the Master Servicer, the Special Servicer, the Cash Manager, the Issuer Operating Bank, the Agents, the Liquidity Provider and the Swap Provider rank in priority to payments of 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, the Class F Notes, the Class G Notes and the Junior Loan provide credit support for the Class A Notes and the Class X Notes, which inherently makes such classes of Notes riskier investments than the Class A Notes and the Class X Notes. In addition, for so long as no Monetary Default is continuing under the Mortgage Loan Agreement, amounts received by the Issuer in respect of interest on and principal of the Mortgage Loan will be allocated *pari passu* to the Noteholders (as a whole) and the Junior Lender, in accordance with the priority of payments set out under "*Application of Funds*".

Extinction of Interest on Class F Notes and Class G Notes. If, on any Payment Date, there are insufficient funds available to the Issuer to pay any amount of accrued interest on the Class F

Notes or the Class G Notes in accordance with the relevant Priority of Payments, the Issuer's liability to pay such amount will be extinguished.

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, interest on the Notes for such Payment Date.

The maximum principal amount available under the Liquidity Facility will decrease on each Payment Date to an amount equal to the greater of: (a) €35,000,000; and (b) 7% of the then aggregate Principal Amount Outstanding of the Notes. The maximum amount that can be outstanding at any one time under the Liquidity Facility in relation to payments of interest on (a) the Class F Notes will be limited to 5% of the total commitment under the Liquidity Facility (the "**Class F Liquidity Cap**") and (b) the Class G Notes will be limited to 7.5% of the total commitment under the Liquidity Facility (the "**Class G Liquidity Cap**").

In addition, if any Property 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.

See "*The Liquidity Facility Agreement and the Swap Agreement—The Liquidity Facility*".

Class X Notes. 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 Principal Priority of Payments. Interest will cease to be payable on the Class X Notes if the aggregate of the Issuer's senior expenses, together with the interest payable on the Regular Notes and the Junior Loan, equals or exceeds, at any time, the Euro (SEK) Equivalent of the interest payable on the Mortgage Loan. See Condition 5 (*Interest*). In addition, interest on the Class X Notes will not be payable on any Payment Date if (a) a Note Enforcement Notice has been delivered or (b) amounts have been drawn under the Liquidity Facility to pay interest on the Regular Notes on such Payment Date.

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

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

Ratings of the Notes. The ratings assigned to the Notes by the Rating Agencies are based on the structure of the Notes and the Junior Loan, the Mortgage Loan, the short-term unsecured, unguaranteed, unsubordinated debt rating of the Liquidity Provider and the Swap Provider and other relevant structural features of the transaction. Such ratings reflect only the view of the Rating Agencies. The ratings address the likelihood of full and timely payment to the Noteholders of all payments of interest on the Notes on each Payment Date and the full and timely payment of principal of the Notes at or before the Maturity Date.

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.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies (or any one of them) as a result of changes in, or unavailability of, information or if, in the judgment of any of

the Rating Agencies, circumstances so warrant. Future events, including changes in the Swedish economy and the property market generally, could also have an adverse impact on the ratings of the Notes. A qualification, downgrade or withdrawal of any of the ratings assigned by the Rating Agencies on the Notes may have an impact on the value of the Notes.

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 of the Notes. In this Offering Circular, unless the context otherwise requires, any references to "**ratings**" or "**rating**" are to ratings assigned by the specified Rating Agencies only.

Conflicts of Interest between the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class X Notes. The Trust Deed, the Deed of Charge and the Conditions of the Notes will provide that the 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 Trustee will give priority to the interests of the holders of the most senior class of Notes such that:

(a) the Trustee is to have regard only to the interests of the Class A Noteholders and the Class X Noteholders in the event of a conflict between the interests of the Class A Noteholders and the Class X Noteholders on the one hand and the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders and/or the Class G Noteholders on the other hand;

(b) (if there are no Class A Notes or Class X Notes outstanding) the Trustee is to have regard only to the interests of the Class B Noteholders in the event of a conflict between the interests of the Class B Noteholders on the one hand and the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders and/or the Class G Noteholders on the other hand;

(c) (if there are no Class A Notes, Class X Notes or Class B Notes outstanding) the Trustee is to have regard only to the interests of the Class C Noteholders in the event of a conflict between the interests of the Class C Noteholders on the one hand and the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders and/or the Class G Noteholders on the other hand;

(d) (if there are no Class A Notes, Class X Notes, Class B Notes or Class C Notes outstanding) the Trustee is to have regard only to the interests of the Class D Noteholders in the event of a conflict between the interests of the Class D Noteholders on the one hand and the Class E Noteholders and/or the Class F Noteholders and/or the Class G Noteholders on the other hand;

(e) (if there are no Class A Notes, Class X Notes, Class B Notes, Class C Notes or Class D Notes outstanding) the Trustee is to have regard only to the interests of the Class E Noteholders in the event of a conflict between the interests of the Class E Noteholders on the one hand and/or the Class F Noteholders on the one hand and/or the Class G Noteholders on the other hand; and

(f) (if there are no Class A Notes, Class X Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes outstanding) the Trustee is to have regard only to the interests of the Class F Noteholders in the event of a conflict between the interests of the Class F Noteholders on the one hand and the Class G Noteholders on the other hand.

Lack of Liquidity; Absence of Secondary Market; Market Value. Application has been made to list the Notes on the Luxembourg Stock Exchange. 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 the 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 and currency risks, the Issuer will enter into the Swap Agreement as described under "*The Liquidity Facility Agreement and the Swap Agreement—The Swap Agreement*". However, there can be no assurance that the Swap Agreement will adequately address unforeseen interest rate and currency risks.

In certain circumstances, including where the Issuer or the 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 Swap Agreement may be terminated.

United States Tax Characterisation of the Notes. All of the Notes are denominated as debt. However, there is a significant possibility that the Class G Notes (and to a lesser extent, a more senior class of Notes) may be treated as equity for United States federal income tax purposes. In addition, the Class X Notes may be treated as either a notional principal contract or as an equity interest for United States federal income tax purposes. Such alternative characterisation could have certain adverse tax consequences to United States investors who hold such Notes. See "*United States Taxation—Possible Alternative Characterisation of the Notes*".

Certain ERISA Considerations. Under a regulation of the U.S. Department of Labor (the "**DOL**"), if certain employee benefit plans subject to the U.S. Employee Retirement Income Security Act of 1974 ("**ERISA**") or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or entities whose underlying assets are treated as assets of such an employee benefit plan (collectively, "**Plans**") invest in the Class G Notes or the Class X Notes, 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 G Notes or the Class X Notes, and any interests therein, may not be sold, transferred to or held by or on behalf of any Plan. See "*Transfer Restrictions*" and "*U.S. ERISA and Certain Other Considerations*".

EU Savings Directive. On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 January 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each Member State will be required 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 an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to commence on the date from which the directive is to be applied by Member States and 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.

If, following implementation of the directive, 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 Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts to Noteholders or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a Paying Agent following implementation of the directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the directive (if such a state exists).

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 or Netherlands tax, see "*United Kingdom Taxation*" and "*Netherlands Taxation*" 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*".

European Monetary Union. It is possible that, prior to the repayment in full of the Notes, Sweden may become a participating member state in the European Economic and Monetary Union and that the Euro will become the lawful currency of Sweden. In that event all amounts payable in respect of the Mortgage Loan Agreement may become payable in Euros. There can be no assurances that the official rate of conversion for Kronor to Euro following Sweden adopting Euro as its lawful currency would be the same as the Euro (SEK) Equivalent. The introduction of the Euro could be accompanied by a volatile interest rate environment which could adversely affect the Borrower's ability to repay the Mortgage Loan Agreement. It cannot be said with certainty what effect the adoption of the Euro by Sweden (if it occurs) will have on Noteholders.

Changes of Law. The structure of the transaction described in this Offering Circular and, *inter alia*, the issue of the Notes and the ratings assigned to the Notes are based on law, tax rules, rates and procedures, and administrative practices in effect at the date of this document. No assurance can be given that there will be no change to such law, tax rules, rates, procedures or administrative practice after the date of this Offering Circular which change might have an adverse impact on the Notes and/or the Mortgage Loan and the expected payments of interest and repayment of principal in respect of the Notes and/or the Mortgage Loan.

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.

THE PROPERTIES

When reviewing this information, and any other information with respect to the Mortgage Loan and the Properties elsewhere in this Offering Circular, please note that:

(a) all information is given as of the Cut Off Date;

(b) all numerical information provided with respect to the Mortgage Loan and the Properties is provided on an approximate basis; and

(c) when reference is made to the value of a Property, such value is based on the value attributed by the Valuation of that Property. See "*Investment Considerations—Considerations Related to the Mortgage Loan—Limitations on Valuations*".

The Portfolio

There are 29 Properties in the portfolio (the "**Portfolio**"), located in the Central Business District of Stockholm and the Greater Stockholm Area. The total net rental area of the Portfolio is 279,359 square metres. As of 1 January 2004 the total annual rental income of the Portfolio is SEK 467,804,476. The Portfolio comprises offices (76%), retail assets (13%), industrial assets (4%), residential units (1%) and other types of property (6%) (as measured by annual rental income). See "*Investment Considerations—Considerations Related to the Mortgage Loan—Considerations Related to Office Properties*".

NewSec Analys AB has valued the portfolio at SEK 5,486,000,000 as at June 2003 on an open market value basis (the "**Valuation**"). The Valuation was conducted in accordance with the Approved European Valuation Standards. There can be no assurance that another appraiser would have arrived at the same opinion of value. See "*Investment Considerations—Considerations Related to the Mortgage Loan—Limitations on Valuations*".

The largest tenant in the Portfolio by income is Telefonaktiebolaget LM Ericsson. Telefonaktiebolaget LM Ericsson develops and manufactures products for wired and mobile communications in public and private networks. Its current annual rent is SEK 40,474,152, which represents 9% of the Portfolio's rental income. Telefonaktiebolaget LM Ericsson leases the third largest Property (as measured by value) which is also the newest (as measured by the date of construction) in the Portfolio and occupies a net rental area of 18,720 square metres, which comprises 7% of the Portfolio's net rental area. All of the space occupied by Ericsson is used as office space. See "*Investment Considerations—Considerations Related to the Mortgage Loan—Dependence on Tenants*".

The second largest tenant in the Portfolio by income is AFA Trygghetsförsäkrings AB, a Swedish insurance company. AFA Trygghetsförsäkrings AB is an insurance group that provides life and health insurance as well as insurance coverage for work related accidents. Its current annual rent is SEK 32,482,000, which represents 7% of the Portfolio's rental income. AFA Trygghetsförsäkrings AB occupies the fourth largest property (as measured by value) in the Portfolio and occupies a net rental area of 9,146 square metres, which comprises 3% of the Portfolio's net rental area. The space occupied by AFA Trygghetsförsäkrings AB is primarily used as office space.

The third largest tenant in the Portfolio by income is WSP Sverige AB, a multi-disciplinary engineering consulting group. Its current annual rent is SEK 25,320,288, which represents 5% of the Portfolio's rental income. WSP Sverige AB occupies the eighth largest property (as measured by value) in the Portfolio and occupies a net rental area of 13,760 square metres, which comprises 5% of the Portfolio's net rental area. The space occupied by WSP Sverige AB is primarily used as office space.

The remaining rental income of SEK 369,528,036, representing 79% of the Portfolio's rental income, is derived from approximately 500 tenants, which occupy 208,971 square metres of net rental area (75% of the Portfolio's net rental area). None of these tenants account for more than 3.5% of the Portfolio's annual rental income.

Property Summary Table

The following table sets out, for each Property, the value, net rentable area, rental income and the percentage of the Portfolio comprised by the Property, based on value, net rentable area and rental income.

Property	Value (in SEK)[1]	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Gross Rental Income (in SEK)[2]	% of Portfolio by Rental Income
Arenan 2	1,290,000,000	23.5%	53,282	19.1%	99,882,057	21.4%
Arenan 6	710,000,000	12.9%	28,702	10.3%	57,289,721	12.2%
Isafjord 2	420,000,000	7.7%	18,720	6.7%	40,474,152	8.7%
Duvan 6	370,000,000	6.7%	9,648	3.5%	35,173,156	7.5%
Oxen Mindre 33	370,000,000	6.7%	12,126	4.3%	29,140,187	6.2%
Arenan 3	350,000,000	6.4%	16,504	5.9%	27,301,681	5.8%
Ynglingen 10	350,000,000	6.4%	11,105	4.0%	22,968,026	4.9%
Arenan 8	340,000,000	6.2%	13,232	4.7%	25,044,762	5.4%
Repslagaren 31[3]	200,000,000	3.6%	6,350	2.3%	16,302,867	3.5%
Hasseln 5	140,000,000	2.6%	3,869	1.4%	10,427,027	2.2%
Gräslöken 1	110,000,000	2.0%	7,001	2.5%	12,930,842	2.8%
Stigbygeln 5	110,000,000	2.0%	7,314	2.6%	11,128,717	2.4%
Valsverket 8-10[4]	97,000,000	1.8%	19,180	6.9%	11,584,092	2.5%
Sandbacken Mindre 39	80,000,000	1.5%	4,033	1.4%	8,114,824	1.7%
Signalen 1	77,000,000	1.4%	3,317	1.2%	5,818,535	1.2%
Hangaren 1	72,000,000	1.3%	10,839	3.9%	7,936,267	1.7%
Fenix 1	71,000,000	1.3%	3,594	1.3%	8,279,547	1.8%
Hammarby-Smedby 1:454	69,000,000	1.3%	8,488	3.0%	8,698,034	1.9%
Guldfisken 32	54,000,000	1.0%	2,091	0.7%	3,915,988	0.8%
Vagnhallen 15	45,000,000	0.8%	8,821	3.2%	4,090,035	0.9%
Vagnhallen 19	39,000,000	0.7%	5,460	2.0%	3,939,345	0.8%
Mandelblomman 1	35,000,000	0.6%	6,753	2.4%	4,506,554	1.0%
Hammarby-Smedby 1:461	21,000,000	0.4%	4,449	1.6%	2,856,476	0.6%
Domnarvet 11	16,000,000	0.3%	3,665	1.3%	2,296,535	0.5%
Ekplantan 1	16,000,000	0.3%	2,600	0.9%	2,150,000	0.5%
Säteritaket 1	13,000,000	0.2%	2,466	0.9%	2,235,747	0.5%

Property	Value (in SEK)[1]	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Gross Rental Income (in SEK) [2]	% of Portfolio by Rental Income
Bagaren 9	10,000,000	0.2%	2,220	0.8%	1,382,795	0.3%
Kopparen 9	7,000,000	0.1%	2,330	0.8%	1,394,637	0.3%
Revisorn 3	4,000,000	0.1%	1,200	0.4%	541,869	0.1%
Average Asset	189,172,414	3.4%	9,633	3.4%	16,131,189	3.4%
TOTAL PORTFOLIO	**5,486,000,000**	**100%**	**279,359**	**100%**	**467,804,476**	**100%**

[1] *Based on the Valuations. See "Investment Considerations—Considerations Related to the Mortgage Loan—Limitations on Valuation".*

[2] *A total of 73% of the leases of the Properties in the Portfolio expire or permit lease termination at the tenant's option prior to the Loan Maturity Date, without taking into account any extensions of the maturity date. See "Investment Considerations—Considerations Related to the Mortgage Loan—Dependence on Tenants".*

[3] *The Borrower has advised that a sale agreement has been entered into with respect to the residential areas of the Repslagaren 31 Property. The aggregate value of such areas comprises approximately 15% of the value of the Property and less than 1% of the total value of the Portfolio. The Borrower has also advised that it intends to sell the remaining commercial area of the Property but has not yet entered into a sale agreement for such area.*

[4] *Comprised of Valsverket 8, Valsverket 9 and Valsverket 10.*

Top 10 Properties

The ten largest Properties, as measured by value, collectively account for 83% of the aggregate value of the Portfolio and 62% of its aggregate net rental area.

1. Arenan 2, Globen, Greater Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
1,290,000,000	24%	53,282	19%	99,882,057	21%

The largest Property, as measured by value, is known as Arenan 2 (the "**Arenan 2 Property**"). The Arenan 2 Property is located in the Globen area of Stockholm, south of Stockholm's central business district, and has 53,282 square metres of office and retail space, including approximately 1,100 parking spaces and storage. There are approximately 109 tenants at the Arenan 2 Property. The building was built in 1989 and is 80% let, with a weighted average remaining lease term of four years. Aftonbladet Hierta AB is the largest tenant at the Arenan 2 Property, accounting for more than 16% of the Property's annual gross rental income. Aftonbladet Hierta AB recently extended its lease until December 2009. A grocery-store anchored retail mall accounts for 31% of the Property's annual gross rental income.

2. Arenan 6, Globen, Greater Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
710,000,000	13%	28,702	10%	57,289,721	12%

The second largest Property, as measured by value, is known as Arenan 6 (the "**Arenan 6 Property**"). The Arenan 6 Property is located in the Globen area of Stockholm, south of Stockholm's central business district, and has 28,702 square metres of office space, ancillary retail and storage, and approximately 500 parking spaces. There are approximately 47 tenants at the Arenan 6 Property. The building was built from 1991 to 1993 and is 86% let, with a weighted average remaining lease term of three years. AB Storstockholms Lokaltrafik is the largest tenant at the Arenan 6 Property, accounting for 13% of the Property's annual gross rental income.

3. Isafjord 2, Kista, Greater Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
420,000,000	8%	18,720	7%	40,474,152	9%

The third largest Property, as measured by value, is known as Isjaford 2 (the "**Isjaford 2 Property**"). The Isjaford 2 Property is located in the Kista suburb of Stockholm, northwest of Stockholm's central business district, and has 18,720 square metres of predominantly office space and approximately 275 parking spaces. The building was built in 2002 and is 100% let, with a weighted average remaining lease term of eight years. Telefonaktiebolaget LM Ericsson is the sole tenant and its lease expires in April 2012.

4. Duvan 6, Central Business District, Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
370,000,000	7%	9,648	3%	35,173,156	8%

The fourth largest Property, as measured by value, is known as Duvan 6 (the "**Duvan 6 Property**"). The Duvan 6 Property is located in Stockholm's central business district, and has 9,648 square metres of office space, with approximately 23 parking spaces. The building was built in 1975 and is 100% let, with a weighted average remaining lease term of three years. AFA Trygghetsförsäkrings AB is the largest tenant at the Duvan 6 Property, accounting for 98% of the Property's annual gross rental income. AFA Trygghetsförsäkrings AB has taken occupancy of the entire office space in the building since it just leased a recently vacated space of approximately 1,000 square meters for 3.5 years.

5. Oxen Mindre 33, Central Business District, Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
370,000,000	7%	12,126	4.0%	29,140,187	6%

The fifth largest Property, as measured by value, is known as Oxen Mindre (the "**Oxen Mindre Property**"). The Oxen Mindre Property is located in Stockholm's central business district, and has 12,126 square metres of office and residential space (33 units), with approximately 60 parking spaces and storage space. There are approximately 42 tenants at the Oxen Mindre Property. The building was built in 1979 and is 100% let, with a weighted average remaining lease term of five years. SBC Bostad AB is the largest tenant at the Oxen Mindre Property, accounting for 38% of the Property's annual gross rental income. Approximately 95% of SBC Bostad AB's lease expires in June 2008, with the remaining 5% expiring in July 2004. Rental income from residential space accounts for 9% of the annual gross rental income of the Property.

6. Arenan 3, Globen, Greater Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
350,000,000	6%	16,504	6%	27,301,681	6%

The sixth largest Property, as measured by value, is known as Arenan 3 (the "**Arenan 3 Property**"). The Arenan 3 Property is located in the Globen area, south of Stockholm's central business district, and has 16,504 square metres of office space, ancillary retail, storage and parking space. There are approximately 37 tenants at the Arenan 3 Property. The building was built in 1989 and is 77% let, with a weighted average remaining lease term of two years. Domstolsverket is the largest tenant at the Arenan 3 Property, accounting for 31% of the Property's annual gross rental income. Domstolsverket's lease expires in June 2004.

7. Ynglingen 10, Central Business District, Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
350,000,000	6%	11,105	4%	22,968,026	5%

The seventh largest Property, as measured by value, is known as Ynglingen 10 (the "**Ynglingen 10 Property**"). The Ynglingen 10 Property is located in Stockholm's central business district, and has 11,105 square metres of office, retail space and residential space (30 units), as well as ancillary storage and approximately 43 parking spaces. There are approximately 63 tenants at the Ynglingen 10 Property. The building was built in 1904 and is 88% let, with a weighted average remaining lease term of three years. Rental income from residential space accounts for 9% of the annual gross rental income of the Property.

8. Arenan 8, Globen, Greater Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
340,000,000	6%	13,232	5%	25,044,762	5%

The eighth largest Property, as measured by value, is known as Arenan 8 (the "**Arenan 8 Property**"). The Arenan 8 Property is located in the Globen area, south of Stockholm's central business district, and has 13,232 square metres of office space. The building was built in 2001 and is 100% let, with a weighted average remaining lease term of four years. WSP Sverige AB is the sole tenant at the Arenan 8 Property. WSP Sverige AB's lease expires in December 2007.

9. Repslagaren 31, Central Business District, Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
200,000,000	4%	6,350	2%	16,302,867	3%

The ninth largest Property, as measured by value, is known as Repslagaren 31 (the "**Repslagaren 31 Property**"). The Repslagaren 31 Property is located in Stockholm's central business district, and has 6,350 square metres of office, retail, storage and residential space (11 units), and approximately 24 parking spaces. There are approximately 20 tenants at the Repslagaren 31 Property. The building was built in 1929 and is 100% let, with a weighted average remaining lease term of five years. Ogilvy Group Sverige AB is the largest tenant at the Repslagaren 31 Property, accounting for 69% of the Property's annual gross rental income. Ogilvy Group Sverige AB's lease expires in March 2009. Rental income from residential space accounts for 5% of the annual gross rental income of the Property. The Borrower has advised that a sale agreement has been entered into with respect to the residential areas of the Repslagoren 31 Property. The aggregate value of such areas comprises approximately 15% of the value of the Property and less than 1% of the total value of the Portfolio.

10. Hasseln 5, Central Business District, Stockholm

Value (in SEK)	% of Portfolio by Value	Net Rental Area (in square metres)	% of Portfolio by Net Rental Area	Annual Rental Income (in SEK)	% of Portfolio by Rental Income
140,000,000	3%	3,869	1%	10,427,027	2%

The tenth largest Property, as measured by value, is known as Hasseln 5 (the "**Hasseln 5 Property**"). The Hasseln 5 Property is located in Stockholm's central business district, and has 3,869 square metres of office and retail space. There are a total of 24 tenants at the Hasseln 5 Property. The building was built in 1907 and is 94% let, with a weighted average remaining lease term of two years.

Sale and Purchase Agreement and Rental Guarantee

The Obligors acquired the Properties pursuant to a sale and purchase agreement (the "**Sale and Purchase Agreement**", which term includes any agreement, transfer, guarantee, or other document made pursuant thereto) dated 12 July 2003 between, among others, the Parent and Prifast Real Estate XVII B.V. (a subsidiary of Drott AB (publ), a Swedish limited liability company). Pursuant to the Sale and Purchase Agreement, the Property Seller has provided the Borrower a five-year rental guarantee (the "**Rental Guarantee**") in respect of the Properties in an amount up to SEK59,000,000 per annum (as reduced from time to time in accordance with the Sale and Purchase Agreement).

Intercreditor Agreement

The existing secured debt of the Obligors (the "**subordinated debt**", which excludes the Mortgage Loan) is subordinated to the Mortgage Loan pursuant to an intercreditor agreement entered into between, among others, the Obligors and the holders of the subordinated debt (the "**Intercreditor Agreement**"). The Intercreditor Agreement provides that (a) the security provided by the Obligors for their obligations under the Mortgage Loan ranks in priority to all amounts owing under the subordinated debt, regardless of (among other things) any intermediate discharge of the Mortgage Loan in whole or in part and (b) the Security Agent owes a duty of care to the holders of the subordinated debt.

Management of the Properties

The Property Manager and the Property Management Agreement. Pursuant to the Property Management Agreement, the Property Manager has been appointed by the Property Companies to handle the administrative management of the Properties. The Property Manager is authorised to, among other things:

(a) issue reminders in respect of unpaid rent and other payments and institute debt collection proceedings, institute bankruptcy proceedings or take any other legal action against debtors;

(b) conduct negotiations with tenants concerning outstanding debts;

(c) accept, certify and pay invoices regarding tariff charges, such as site leasehold charges, electric power, heating, water and refuse collection, provided such costs are within budget;

(d) negotiate and sign the supplier and contractor agreements necessary for the operation, running, maintenance and administration of the Properties provided such agreements have an estimated annual value of less than SEK500,000 and are within budget and in no case have a notice period exceeding three months; and

(e) draw up and sign lease agreements with an annual rent not in excess of SEK 750,000 and with a lease term not exceeding three years.

In addition, the Property Manager is required to report regularly to the Property Companies on the business transactions and to provide other information required from time to time in accordance with the Property Companies' reporting procedures.

The Asset Manager and the Asset Management Agreement. Pursuant to the Asset Management Agreement, the Asset Manager has been appointed by the Property Companies to monitor and oversee the Property Manager and to monitor and oversee the day-to-day management of all aspects of the business and operation of the Property Companies, including all construction, leasing, marketing, disposition and operating activities of the Property Companies, in compliance with applicable law.

The activities of the Asset Manager include, among other things, implementing the business plans of the Property Companies, recommending and overseeing (and to the extent approved in writing by the relevant Property Company) procuring major capital expenditure programmes, working with each Property Company to develop a marketing and promotion strategy for such Property Company's Properties, conducting pre/post purchase due diligence and establishing and maintaining accounts in the relevant Property Company's name in insured financial institutions that are acceptable to the relevant Property Company into which the Property Manager is required to cause to be deposited all rents, revenues, receipts, loan payments, lease payments and all other payments, cash or income of any kind, type or nature which are derived from the Properties.

For further information about the Asset Manager and Property Manager see "*The Sponsor, Obligors, Asset Manager and Property Manager*".

THE SPONSOR, OBLIGORS, ASSET MANAGER AND PROPERTY MANAGER

The information below relating to the Sponsor, the Property Manager and the Asset Manager is based on information provider by the Sponsor and has not been independently verified by the Issuer or the Managers.

WHT Fastighetsbolag Kort AB

WHT Fastighetsbolag Kort AB (the "**Borrower**") was incorporated on 16 April 2003 under the laws of Sweden as a special purpose company. It has its registered office in Stockholm at c/o Mannheimer Swartling Advokatbyrá, Box 1711, SE11187, Stockholm, Sweden. On 7 November 2003, the Borrower acquired the Portfolio. The Borrower is an affiliate of Whitehall Street Global Real Estate Limited Partnership 2001 (the "**Sponsor**").

Whitehall Street Global Real Estate Limited Partnership 2001

Whitehall Street Global Real Estate Limited Partnership 2001 is one of the Whitehall Street Real Estate Funds ("**Whitehall Funds**"), a series of discretionary real estate investment funds sponsored and managed by Goldman, Sachs & Co ("**Goldman Sachs**"). Goldman Sachs began investing in real estate in 1991 by initially targeting non-performing loans and real estate sold by the Resolution Trust Corporation. Since then, Whitehall has become one of the largest managers of private real estate opportunity funds worldwide, having raised $12 billion of equity capital. Goldman Sachs dedicated approximately $2.2 billion of capital to the Whitehall Funds (19% of the total committed capital).

The Whitehall Funds to date have invested $66 billion in total acquisition cost in real estate companies, developments, loan portfolios, debt recapitalisations, mezzanine investments and direct asset purchases. The Whitehall Funds currently own over 305 investments in more than 15 countries and employ over 100 professionals worldwide; in New York, Dallas, London, Paris, Frankfurt, Milan and Tokyo. This multi-disciplined team has specialists encompassing a broad range of investment areas including acquisitions, finance, portfolio management, investment accounting and investor reporting.

In Europe, the Whitehall Funds have invested $11 billion in total acquisition cost in 61 investments. The Whitehall Funds recently invested in more than €1.3 billion of real estate properties in Sweden. Today, the Whitehall Funds' Swedish real estate portfolio consists of 70 properties concentrated in the Stockholm Central Business District, the greater Stockholm area and in the Gothenburg and Uppsala areas.

In June 2002, Whitehall completed the purchase of a €430 million real estate portfolio from NCC AB. The properties are located primarily in the greater Stockholm area, Gothenburg and Uppsala. NCC AB is one of Sweden's largest construction companies.

In April 2003, Whitehall acquired from Lansforsakringar AB a €260 million real estate portfolio comprising 11 properties. The properties are concentrated in the greater Stockholm area. Lansforsakringar AB is one of Sweden's largest insurance companies.

In June 2003, Whitehall completed the purchase of a €595 million real estate portfolio comprising 29 properties including retail and office spaces. The assets are concentrated in the Stockholm Central Business District and in the greater Stockholm area. Drott AB (publ.) (the "**Property Seller**"), is one of Sweden's largest listed real estate companies.

NewSec Förvaltning AB and NewSec Incentive Asset Management AB

Property management services and leasing services in relation to the Properties are provided by NewSec Foervaltning AB (the "**Property Manager**"), the property management subsidiary of NewSec AB, pursuant to an agreement entered into by the Property Manager to manage the Properties (the "**Property Management Agreement**"). Asset management services in relation to the Properties are provided by NewSec Incentive Asset Management AB (the "**Asset Manager**"), the asset management subsidiary of NewSec AB, pursuant to an asset management agreement entered into by the Asset Manager (the "**Asset Management Agreement**"). Newsec AB is a real estate

advisory company which operates and manages real estate owned by third parties, provides property and asset management services and investment advisory services. NewSec is one of the largest property advisors in the Nordic and Baltic Sea Region with 340 professionals located in seven countries. NewSec AB's portfolio consists of more than 328 commercial real estate assets with more than 2.4 million square metres of net rental area. The market value of the real estate assets under management amounts to approximately SEK32 billion. In certain circumstances, the Property Companies have the right to terminate the Property Management Agreement and/or the Asset Management Agreement. In the event they do so, the Property Companies will be required to appoint a new Property Manager and/or a new Asset Manager immediately but, in the event of immediate termination for certain specified events of default (for example, fraud, bankruptcy or material breach), within 30 days, in which case the Borrower must take all reasonable steps to ensure interim management of the Properties pending the appointment of a replacement asset manager and/or property manager, as the case may be. See "*Investment Considerations—Considerations Related to the Notes—Potential Conflict of Interests*".

THE MORTGAGE LOAN

General

On the Issue Date, the Issuer will use the net proceeds of the Notes and the Junior Loan to acquire, from the Originator, a loan (the "**Mortgage Loan**") advanced to the Borrower on 7 November 2003 pursuant to a credit agreement dated 8 August 2003, between, among others, the Property Companies (as defined below), WHT Service AB (a Swedish limited company) ("**GPCo**"), W2001/Sixty B.V. (a Netherlands limited company) (the "**Parent**") and the Borrower (together, the "**Obligors**"), Lehman Brothers International (Europe) and the Originator (as amended or supplemented from time to time, the "**Mortgage Loan Agreement**") and the other Finance Documents named therein (the "**Asset Documents**"). As described below under "*—The Asset Security*", the Mortgage Loan is secured by, among other things, a pledge of the mortgage certificates ("***Pantbrev***") issued in respect of 29 Swedish commercial properties (the "**Properties**"), each of which is held by a limited company incorporated in Sweden (each a "**Property Company**").

The Obligors

The Borrower and the Property Companies are limited companies incorporated in Sweden. The Borrower, GPCo, and all but one of the Property Companies, are wholly-owned subsidiaries of the Parent. WHT Stadsbokhållaren AB is a wholly-owned subsidiary of the Borrower. The Borrower is an affiliate of the Sponsor. Each of the Obligors (other than the Borrower) has guaranteed performance of the Borrower's obligations under the Mortgage Loan Agreement.

Interest under the Mortgage Loan Agreement

The outstanding principal balance of the Mortgage Loan will bear interest at the percentage rate per annum determined by the Stockholm interbank market for deposits in Kronor ("**STIBOR**") plus 1.89%. Interest on the Mortgage Loan will accrue quarterly and will be payable on each Loan Payment Date.

The Borrower entered into an agreement (the "**Cap Agreement**") to purchase an interest rate cap from Lehman Brothers Special Financing, Inc., a Delaware corporation (the "**Cap Provider**"), pursuant to which the Cap Provider will pay to the Borrower, on any Loan Payment Date, the excess of STIBOR over 4.4%.

Cap Agreement Downgrade Event. Pursuant to the terms of the Cap Agreement, the Cap Provider has agreed, in the event of a downgrade by S&P or Fitch of its short-term unsecured, unsubordinated debt obligations to below "A1" or "F1", as the case may be the Cap Provider will (subject to the terms of the Cap Agreement):

(a) enter into a collateral agreement;

(b) provide a third party guarantee meeting certain required rating thresholds;

(c) transfer its rights and obligations under the Cap Agreement to a replacement third party meeting certain required rating thresholds; or

(d) take such other action as it may agree with the Rating Agencies as will result in the most senior class of Notes then outstanding, following the taking of such other action, not being rated lower than the rating of such class of Notes immediately prior to the downgrade of the Cap Provider.

Principal under the Mortgage Loan Agreement

General. As at the Issue Date, the Mortgage Loan will have an outstanding principal balance of SEK 4,731,550,000. The Borrower will be required to repay the outstanding principal balance of the Mortgage Loan (together with all interest accrued thereon), and discharge all of its other obligations under the Asset Documents, on 7 November 2008, which may be extended by the Borrower to 7 November 2009 and further to 7 November 2010 if certain conditions are met (the "**Loan Maturity Date**").

Scheduled Amortisation. On the Loan Payment Date falling in November 2005, and on each Loan Payment Date thereafter, the Borrower will be required to repay an amount of principal of the Mortgage Loan equal to the percentage of the initial principal balance of the Mortgage Loan set out in the table below, subject to adjustment as more particularly described in "*—Scheduled Amortisation of the Mortgage Loan*", below.

Pre-Adjustment Amortisation Schedule

Period	Pre-Adjustment Amortisation Percentage
March 2004 to August 2005	0.00%
August 2005 to November 2005	0.45%
November 2005 to February 2006	0.50%
February 2006 to August 2006	0.55%
August 2006 to May 2009	0.73%
May 2009 to May 2010	0.80%
May 2010 to November 2010	0.90%

Prepayment at Option of the Borrower. The Borrower is permitted to prepay the Mortgage Loan in whole or in part on any date upon the provision of not less than five Business Days' written notice to the Security Agent. Each voluntary prepayment is required to be accompanied by a prepayment fee and all interest accrued on the amount so prepaid to the next Loan Payment Date (net of interest accrued on the amount prepaid in the Kronor Transaction Account to the next Loan Payment Date).

Disposal Prepayments. Disposals of all or part of a Property (a "**Property Disposal**"), or of the Parent's or the Borrower's interest in a Property Company (a "**Company Disposal**" and, together with Property Disposals, "**Disposals**"), will be permitted if, on the date of such Disposal, a release price (the "**Release Price**") of 100% (in the case of the Repslagaren 31 Property) or not less than 110% (in the case of each other Property) of the Loan Allocation (as defined below) of the relevant Property (or such price plus an additional 5% of the Loan Allocation if the Debt Service Cover Test is not satisfied) is deposited into the Interest Payment Account and the balance of the Net Disposal Proceeds is deposited into the Disposal Proceeds Account. Amounts standing to the credit of the Income Proceeds Account and the Disposal Proceeds Account, after the satisfaction of the higher-ranking amounts referred to in "*—The Borrower Accounts—Interest Payment Account*" and "*—The Borrower Accounts—Disposal Proceeds Account*", will be applied to repay principal on the Mortgage Loan.

The following table sets out the "**Loan Allocation**" for each Property:

Property	Loan Allocation (SEK)
Arenan 2	1,070,820,000
Arenan 6	610,550,000
Isafjord 2	356,700,000
Duvan 6	333,000,000
Oxen Mindre 33	329,300,000
Ynglingen 10	312,500,000
Arenan 3	302,750,000
Arenan 8	285,600,000
Repslagaren 31	180,000,000
Hasseln 5	126,000,000
Gräslöken 1	95,150,000
Stigbygeln 5	95,150,000
Valsverket 8-10[(1)]	83,905,000
Sandbacken Mindre 39	70,000,000
Signalen 1	66,605,000
Fenix 1	65,000,000
Hangaren 1	62,280,000
Hammarby-Smedby 1:454	59,685,000
Guldfisken 32	48,600,000
Vagnhallen 15	38,925,000
Vagnhallen 19	33,735,000
Mandelblomman 1	30,275,000
Hammarby-Smedby 1:461	18,165,000
Domnarvet 11	13,840,000
Ekplantan 1	13,840,000
Säteritaket 1	11,245,000
Bagaren 9	8,675,000
Kopparen 9	6,055,000
Revisorn 3	3,200,000

(1) *The allocation between the Valsverket 8, 9 and 10 Properties is as follows:*

Valsverket 8: SEK3,675,000
Valsverket 9: SEK6,055,000
Valsverket 10: SEK74,175,000

(2) *The Borrower has advised that a sale agreement has been entered into with respect to the residential areas of the Repslagaren 31 Property. The aggregate value of such areas comprises approximately 15% of the value of the Property and less than 1% of the total value of the Portfolio.*

Financial Ratios

General. The Borrower will be required to maintain a specified minimum interest coverage ratio, minimum debt service coverage ratio and maximum loan to value ratio.

Among other things, the Financial Ratio Tests are used to determine whether:

(a) the balance of the Rental Income Account is required to be transferred to the Interest Payment Account on a weekly or daily basis (see "*—The Borrower Accounts—Rental Income Account* below");

(b) surplus funds in the Rental Income Account and Disposal Proceeds Account are paid or transferred to the Borrower or the Cash Trap Account (see "*—The Borrower Accounts—Cash Trap Account*" below);

(c) funds standing to the credit of the Cash Trap Account may be released to or at the direction of the Borrower (see "*—The Borrower Accounts—Cash Trap Account* " below); and

(d) (i) 110% or more (or 100%, in the case of the Repslagaren 31 Property) of the Loan Allocation of a Property or (ii) such amount plus an additional 5% of the relevant Loan Allocation is payable on a Disposal thereof by way of Release Price (see "*—Principal Under the Mortgage Loan Agreement—Disposal Prepayments*" above).

Breach of one or more of the Financial Ratio Tests will not constitute a Loan Event of Default. See "*—Loan Events of Default and Enforcement*", below.

Loan to Value Test. The Borrower will be required to ensure that, commencing on the Loan Payment Date falling in November 2005, the outstanding principal balance of the Mortgage Loan on each Loan Payment Date (after taking account of any repayment or prepayment of the Mortgage Loan on such Loan Payment Date) does not exceed 90% of the total value of the Properties (as at the most recent Valuation) (the "**Loan to Value Test**").

Interest Cover Test. The Borrower will be required to ensure that, on each Loan Payment Date, the total of (i) the aggregate Actual Net Rental Income for the two immediately preceding Loan Interest Periods ending on that Loan Payment Date and (ii) the aggregate Projected Net Rental Income for the next two succeeding Loan Interest Periods is not less than 140% of the total of (a) the Actual Finance Costs for those two immediately preceding Loan Interest Periods and (b) the Projected Finance Costs for such next two succeeding Loan Interest Periods (the "**Interest Cover Test**").

"**Actual Finance Costs**" means, for any relevant Loan Interest Period, the aggregate of all interest that is paid by the Borrower to the Finance Parties under the Mortgage Loan Agreement on the last day of that Loan Interest Period in respect of amounts outstanding on the Mortgage Loan on the Loan Payment Date falling on the last day of that Loan Interest Period less (i) all amounts received by the Borrower during, or at the end of, that Loan Interest Period under the Cap Agreement or any other hedge agreement entered into in accordance with the Mortgage Loan Agreement, (ii) the amount required to be maintained to ensure compliance by the Borrower with the Financial Ratio Tests (if any) placed, or remaining, in deposit in the Cash Trap Account on the last day of that Loan Interest Period and (iii) the amount of interest paid in respect of (x) any repayment or payment on the Mortgage Loan on the last day of that Loan Interest Period and (y) the aggregate amount of the Release Prices deposited into the Disposal Proceeds Account and/or the Cash Trap Account during that Loan Interest Period.

"**Actual Net Rental Income**" means, for any relevant Loan Interest Period, the aggregate Net Rental Income which is or has been received by or for the benefit of the Property Companies during, or at the end of, that Loan Interest Period.

"**Net Rental Income**" means Rental Income less certain amounts (such as routine operating expenses) specified in the Mortgage Loan Agreement.

"**Projected Finance Costs**" means, for any relevant Loan Interest Period, the aggregate of all interest (calculated for this purpose as the aggregate of three month STIBOR, the Margin and (if any) the mandatory costs rate specified in the Mortgage Loan Agreement, in each case as on the Loan Payment Date on which the Interest Cover Test and/or Debt Service Cover Test is being tested (such rates to be used for calculation in relation to the relevant Loan Interest Period), which will be payable by the Borrower to the Finance Parties under the Mortgage Loan Agreement in respect of amounts outstanding on the Mortgage Loan (less the Projected Amortisation Amount) on the Loan Payment Date falling on the last day of that Loan Interest Period less (i) all amounts which would be receivable by the Borrower during, or at the end of, that period under the Cap Agreement or any other hedge agreement entered into in accordance with the Mortgage Loan Agreement and (ii) an

amount required to be maintained to ensure compliance by the Borrower with the Financial Ratio Tests (if any) placed, or remaining, in deposit in the Cash Trap Account on the last day of the preceding Loan Interest Period.

"**Projected Net Rental Income**" means, for any Loan Interest Period, the Security Agent's good faith estimate of the Net Rental Income which will be receivable by or for the benefit of the Property Companies during or at the end of that Loan Interest Period after:

(a) deducting all Net Rental Income payable by any tenant (an "**Occupational Tenant**") under any lease entered into in respect of the whole or part of a Property from time to time under which a Property Company becomes a landlord (an "**Occupational Lease**") that is insolvent or more than two months overdue on its rental payments (ignoring any non material amount of rental payments which is overdue (unless covered by the Rental Guarantee)); and

(b) assuming that:

(i) a break clause in any Occupational Lease will be deemed to be exercised at the earliest date available to the Occupational Tenant and assuming that the part of the Property that is the subject of that Occupational Lease will remain vacant thereafter (unless covered by the Rental Guarantee); and

(ii) potential Net Rental Income increases as a result of rent reviews will be ignored other than where there are fixed rental increases pursuant to the relevant Occupational Lease (and for the avoidance of doubt rental increases by reference to a consumer price index shall not be construed as fixed rental increases until such time as such increases have actually become contractually payable).

"**Rental Income**" means all sums paid or, as the context requires, payable to or for the benefit of the Property Companies arising from the letting, use or occupation of each of the Properties and includes certain additional amounts specified in the Mortgage Loan Agreement.

Debt Service Cover Test. The Borrower will be required to ensure that, on each Loan Payment Date, the total of (i) the aggregate Actual Net Rental Income for the two immediately preceding Loan Interest Periods ending on that Loan Payment Date and (ii) the aggregate Projected Net Rental Income for the next two succeeding Loan Interest Periods is not less than 105% of the total of (a) the aggregate amount of the Actual Finance Costs and the Adjusted Scheduled Amortisation Amount, due and payable, for those two immediately preceding Loan Interest Periods, and (b) the Projected Finance Costs and Adjusted Scheduled Amortisation Amount (the "**Projected Amortisation Amount**"), due and payable, for such next two succeeding Loan Interest Periods (the "**Debt Service Cover Test**" and, together with the Loan to Value Test and the Interest Cover Test, the "**Financial Ratio Tests**"). If the Debt Service Covert Test is not met on any Loan Payment Date, the Release Price in respect of any Disposal in the succeeding quarter will be increased by an additional 5% of the Loan Allocation of the relevant Property as described in "*—Principal under the Mortgage Loan Agreement*" above.

The Borrower Accounts

General. Pursuant to the Mortgage Loan Agreement, the Borrower is required to maintain in its name, with Svenska Handelsbanken AB (publ) (the "**Borrower Operating Bank**") at its branch in Stockholm, the following accounts (together, the "**Borrower Accounts**"):

(a) an account styled "Disposal Proceeds Account" (the "**Disposal Proceeds Account**");

(b) an account styled "Rental Income Account" (the "**Rental Income Account**") with two sub-accounts;

(c) an account styled "Insurance Proceeds Account" (the "**Insurance Proceeds Account**"); and

(d) an account styled "Interest Payment Account" (the "**Interest Payment Account**").

The Security Agent, on behalf of the Issuer, will have sole signing rights over the Disposal Proceeds Account, the Insurance Proceeds Account and the Interest Payment Account. The Borrower will have signing rights over the Rental Income Account, which it may delegate to the Asset Manager and the Property Manager (as described immediately below), provided that the Security Agent will have sole signing rights over the Rental Income Account (including the sub-accounts described below) if a Loan Event of Default occurs and is continuing. The Rental Income Account will be split into two sub-accounts. In respect of one sub-account (the "**Receipts Sub-Account**") the Borrower will delegate signing authority to the Asset Manager. All Rental Income will be booked by the Borrower Operating Bank into the Receipts Sub-Account. The Asset Manager has the authority to transfer from the Receipts Sub-account monies to the other sub-account (the "**Expenses Sub-account**") in respect of which the Borrower will delegate to the Property Manager signing authority. The Property Manager is authorised to make payments in respect of Operating Expenses from the Expenses Sub-account. The Property Manager may request the Asset Manager to transfer monies from the Receipts Sub-account to the Expenses Sub-account for the purposes of paying Operating Expenses, but the Asset Manager itself does not have any authority to pay Operating Expenses. The Borrower may otherwise delegate signing authority to the Asset Manager to transfer monies from the Rental Income Account in accordance with Mortgage Loan Agreement.

Lehman Brothers International (Europe) (the "**Cash Trap Holder**") will open and maintain in its name at the Borrower Operating Bank at its branch in Stockholm an account styled "Cash Trap Account" (the "**Cash Trap Account**"). Each of the Borrower Accounts and the Cash Trap Account will be denominated in Kronor.

Disposal Proceeds Account. The Borrower is required to deposit into the Disposal Proceeds Account, on the date of any disposal of a Property or a third party disposal of a Property Company (each a "**Disposal**"), the amount by which the net disposal proceeds exceeds the Release Price (which is required to be deposited into the Interest Payment Account).

The Security Agent will, on each Loan Payment Date, Loan Maturity Date or on such other date as the Borrower requests, withdraw from the Disposal Proceeds Account such amount as it may properly determine for the application in or towards the following items (and, if the credit balance in the Disposal Proceeds Account is insufficient to pay all those items, in the following order):

(a) *first*, any unpaid costs, fees and expenses owed and due and payable to the Issuer, the Security Agent and the Cash Trap Holder (together, the "**Finance Parties**") by the Borrower under the Asset Documents;

(b) *second*, all accrued interest due but unpaid under the Asset Documents and all costs, fees and expenses, if any, due under any hedge document entered into pursuant to the Mortgage Loan Agreement;

(c) *third*, principal of the Mortgage Loan (excluding amounts equal to the Release Prices deposited into the Interest Payment Account and principal amounts swept monthly into the Kronor Transaction Account);

(d) *fourth*, if an Adjusted Scheduled Amortisation Amount due under the Mortgage Loan Agreement is unpaid, all surplus amounts shall be paid to the Cash Trap Account;

(e) *fifth*, provided no Adjusted Scheduled Amortisation Amount due under the Mortgage Loan Agreement is unpaid and no Loan Event of Default is continuing, to the extent any amount of interest and/or principal is due and payable under the subordinated debt;

(f) *sixth*, if the Borrower is not in compliance with any of the Financial Ratio Tests (but there is no Loan Event of Default continuing), all surplus amounts shall be paid to the Cash Trap Account; and

(g) *seventh*, if no Loan Event of Default is continuing, payment as the Borrower may direct in writing to be used by the Borrower for any purpose (including for the benefit of any other person).

While a Loan Event of Default is continuing, the Security Agent may use monies standing to the credit of the Disposal Proceeds Account in the payment of principal, interest, property maintenance, enhancement or other accrued and unpaid related costs in relation to the Mortgage Loan Agreement in its sole discretion.

Rental Income Account. The Borrower is required to ensure that all Rental Income, all amounts that it receives from the Property Seller pursuant to the interest and rental payment guarantees in the Sale and Purchase Agreement, all amounts paid to it under the Cap Agreement and all refunds of VAT received by any Obligor (other than the Parent) are promptly paid into the Rental Income Account.

Provided no Loan Event of Default is continuing, the Borrower (or, in the case of the Receipts Sub-account, the Asset Manager on behalf of the Borrower or in the case of the Expenses Sub-account, the Property Manager on behalf of the Borrower) may withdraw from the Rental Income Account such amount as it may properly determine for application in or towards the following items (and, if the credit balance in the Rental Income Account is insufficient to pay all those items, in the following order):

(a) *first*, in payment of all rent due under any headlease agreement pursuant to which a Property Company has an interest in a Property;

(b) *second*, any unpaid (x) Operating Expenses and (y) Leasing Commissions, Tenant's Improvements and Capital Expenditure not to exceed the aggregate Capex Amount;

(c) *third*, not less than weekly (but daily if an Adjusted Scheduled Amortisation Amount calculated as set out under "*—Principal under the Mortgage Loan Agreement*" remains unpaid or if the Borrower is not in compliance with any of the Financial Ratio Tests) such amounts shall be paid to the Interest Payment Account as are necessary (after taking into account amounts already standing to the credit of the Interest Payment Account) to cover all accrued interest and fees and Adjusted Scheduled Amortisation Amounts due by the Borrower to the Finance Parties under the Asset Documents on the next Loan Payment Date;

(d) *fourth*, if an Adjusted Scheduled Amortisation Amount under the Mortgage Loan Agreement is unpaid, all surplus amounts shall be paid to the Cash Trap Account;

(e) *fifth*, provided no Adjusted Scheduled Amortisation Amount due under the Mortgage Loan Agreement is unpaid, all fees that are due and payable under the Asset Management Agreement;

(f) *sixth*, provided no Adjusted Scheduled Amortisation Amount due under the Mortgage Loan Agreement is unpaid, to the extent any amount of interest and/or principal is due and payable under the subordinated debt;

(g) *seventh*, if the Borrower is not in compliance with any of the Financial Ratio Tests, all surplus amounts shall be paid to the Cash Trap Account; and

(h) *eight*, to be paid as the Borrower may direct in writing to be used by the Borrower for any purpose (including for the benefit of any other person).

"**Capex Amount**" means at any relevant time SEK143,879,000 (or such greater amount agreed between the Borrower and the Security Agent (and the Security Agent's agreement cannot be unreasonably withheld)), less the aggregate amount of Tenant's Improvements, Leasing Commissions and Capital Expenditure specified in the Mortgage Loan Agreement for each Property which has at such time been sold.

"**Capital Expenditure**" means expenditure of a capital nature incurred or to be incurred by any Obligor in connection with the business of any Obligor excluding repairs and/or maintenance of any Property and Tenant's Improvements.

"**Leasing Commissions**" means any leasing commissions payable to any person by way of brokerage, agency or other fees in connection with the entry into, renewal of or extension of any Occupational Lease by an Occupational Tenant or in connection with an increase in rent payable pursuant to an Occupational Lease.

"**Operating Expenses**" means any fees, costs and expenses incurred by the Borrower in effecting certain hedge transactions, utilities costs (annualised over the course of a year), repair, decoration and maintenance costs, property taxes and insurance premiums including the Property Manager's fees.

"**Tenant's Improvements**" means any capital works to any Property (excluding repairs and maintenance of such Property) carried out by an Obligor with the intention of causing that Occupational Tenant or potential Occupational Tenant to enter into an Occupational Lease.

While a Loan Event of Default is continuing or non-payment at maturity, the Borrower may not require the Security Agent to withdraw any monies from the Rental Income Account without the consent of the Security Agent and the Security Agent may use monies standing to the credit thereof in payment of principal, interest, property maintenance, enhancement or other accrued and unpaid related costs in its sole discretion. Each of the Asset Manager and the Property Manager may, unless a Loan Event of Default is continuing, respectively withdraw from the Receipts Sub-account and the Expenses Sub-account in the manner described under "*The Borrower Account—General*" above) such sums as are required to pay invoices or demands of payment for Routine Operating Expenses (other than fees, costs and expenses of the Property Manager) as they fall due provided that the Asset Manager shall first have approved payment of such costs and expenses.

Insurance Proceeds Account. The Borrower is required to ensure that all proceeds of any insurance policy entered into by the Borrower pursuant to the Mortgage Loan Agreement (each an "**Insurance Policy**") other than in respect of third party loss or loss of rent that are paid to it are promptly paid directly into the Insurance Proceeds Account.

Following the total or partial loss of, or damage to, a building or infrastructure on a Property representing less than 50% of its value or if an Obligor is required under any Occupational Lease, the Security Agent will, on any date determined by the Security Agent or on any other date as the Borrower may request in writing, withdraw such amount from the Insurance Proceeds Account as it may properly determine to be applied in or towards the full re-instatement or replacement of any building or infrastructure on a Property to the extent covered by the relevant insurance policies and any balance not required to be applied in accordance with such sums, in or towards the prepayment of the Mortgage Loan (provided that on such prepayment no prepayment fee will be payable) and thereafter, in accordance with the order of priority of payments set out in "*—Disposal Proceeds Account*" above. If the foregoing does not apply following the total or partial loss of, or damage to, a building or infrastructure on or to a Property, the Security Agent will, on the next Loan Payment Date following the receipt of the insurance proceeds or on any other prior date as the Borrower may request in writing, withdraw such amount as it may properly determine to be applied towards (a) an amount of not more than the Release Price relating to the relevant Property to the prepayment of the Mortgage Loan; and (b) any balance, in accordance with the order of priority of payments set out in "*—Disposal Proceeds Account*" above, provided that in either case no prepayment fee as defined in the Mortgage Loan Agreement (a "**Prepayment Fee**") shall be payable.

Interest Payment Account. Amounts are paid into the Interest Payment Account as described in "*—Rental Income Account*", "*—Disposal Proceeds Account*" and "*—Voluntary Prepayment*" above.

The Security Agent will, on each Loan Payment Date (or in the case of prepaid principal amounts, such other date as the Borrower shall request in writing), withdraw from the Interest Payment Account such amount as it may properly determine for the application towards the following items (and, if the credit balance in the Interest Payment Account is insufficient to pay all those items, in the following order):

(a) *first*, any unpaid costs, fees and expenses owed and due and payable to the Finance Parties by the Borrower under the Asset Documents;

(b) *second*, all accrued interest due but unpaid under the Asset Documents (including break costs) and all costs, fees and expenses, if any, due under the Cap Agreement; and

(c) *third*, all principal amounts (including the Adjusted Scheduled Amortisation Amounts) to the extent due and payable under the Asset Documents.

While a Loan Event of Default is continuing or on non-payment on maturity, the Security Agent may use monies standing to the credit of the Interest Payment Account in payment of principal, interest, property maintenance, enhancement or other accrued and unpaid related costs in its sole discretion.

The Security Agent may, on or about the last business day of each month, transfer monies standing to the credit of the Interest Payment Account to the Issuer's Kronor Transaction Account on account of interest, principal and all other moneys due and payable on the next Loan Payment Date.

Cash Trap Account. If the Borrower is not in compliance with any Financial Ratio Test, amounts will be required to be paid into the Cash Trap Account in accordance with "*—Rental Income Account*" and "*—Disposal Proceeds Account*", above. In the event that Net Rental Income which has been, is, or is to be, received by the Property Companies in any two Interest Periods, was, is, or will be less than is required to comply with the Interest Cover Test and/or the Debt Service Cover Test (if applicable), the Borrower may credit or, in accordance with the provisions of the Mortgage Loan Agreement procure that there is credited to the Cash Trap Account an amount (the "**Relevant Amount**") so that the Borrower will be in compliance with both the tests, i.e. if a Relevant Amount should have been credited to the Cash Trap Account the Interest Cover Test and the Debt Service Cover Test will have been satisfied.

If no Loan Event of Default is continuing, the Cash Trap Holder will be required to pay to or at the direction of the Borrower all amounts (other than Relevant Amounts credited to the Cash Trap Account in order to maintain compliance with the Financial Ratio Tests required to be maintained to ensure compliance by the Borrower with the Financial Ratio Tests, if any) standing to the credit of the Cash Trap Account in or towards the payment of:

(i) by way of deemed repayment of amounts owing by the Cash Trap Holder on behalf of the Issuer to any of the Obligors by virtue of a deposit into the Cash Trap Account (including interest thereon less costs and expenses due to the Borrower Operating Bank), (x) any Operating Expenses, (y) Capital Expenditure, Tenant's Improvements and/or Leasing Commissions not to exceed the Capex Amount and/or (z) provided no Adjusted Scheduled Amortisation Amount due under the Mortgage Loan Agreement is unpaid, all fees that are due and payable under the Asset Management Agreement (as each such term is defined in the Mortgage Loan Agreement);

(ii) by way of set-off to prepay the obligations pursuant to the Mortgage Loan Agreement which are due and/or all or part of the Mortgage Loan; or

(iii) to fund or maintain funding of a Relevant Amount credited to the Cash Trap Account in order to maintain compliance with the Financial Ratio Tests.

If a Loan Event of Default is outstanding or on non-repayment on maturity, the Cash Trap Holder may apply by way of set-off monies standing to the credit of the Cash Trap Account in payment of principal, interest, property maintenance, enhancement or other accrued and unpaid related costs in its sole discretion.

If, on any date following any Loan Payment Date on which the Borrower has failed to pay an Adjusted Scheduled Amortisation Amount or the Financial Ratio Tests were not satisfied, the Financial Ratio Tests are all satisfied and/or the due but unpaid Adjusted Scheduled Amortisation Amounts are paid, the Borrower may request the Cash Trap Holder to transfer all monies standing to the credit of the Cash Trap Account (excluding Relevant Amounts credited to the Cash Trap Account in order to maintain compliance with the Financial Ratio Tests) to the Rental Income

Account or Disposal Proceeds Account, depending on the account from which the monies were transferred.

If on any date the Financial Ratio Tests are all satisfied (after excluding the Relevant Amounts credited to the Cash Trap Account in order to maintain compliance with the Financial Ratio Tests) the Cash Trap Holder will apply such amounts as directed by the Borrower to be used for any purpose, including for the benefit of any other person.

The Asset Security

Lehman Brothers International (Europe), in its capacity as the security agent under the Mortgage Loan Agreement (in such capacity, the "**Security Agent**") holds the following security (which was granted by the Obligors to the Security Agent as agent for, among others, the Issuer and the holders of the subordinated debt) as security for the Obligor's obligations under the Mortgage Loan Agreement and the subordinated debt):

(a) a first-ranking Swedish law pledge of all existing *Pantbrev* issued in respect of the Properties (the "***Pantbrev* Pledge**");

(b) a first-ranking Swedish law pledge of the benefit of the Borrower's rights to receive payment under the promissory notes issued by each Property Company to the Borrower (the "**Property Company Notes**"), including the Borrower's benefit in the security constituted by the *Pantbrev* Pledge (the "**Property Company Notes Pledge**");

(c) a first ranking Dutch law pledge of all rights, title and interest in and to all of the shares in the Parent and in and to certain rights related to such shares (the "**Dutch Share Pledge**");

(d) a first-ranking Swedish law pledge of all rights, title and interest in and to all of the shares in each of the Borrower, GPCo and the Property Companies and in and to certain rights related to such shares (the "**Swedish Shares Pledge**" and, together with the Dutch Shares Pledge, the "**Share Pledges**") including a Swedish law pledge by the Borrower over the shares in WHT Stadsbokhållaren AB;

(e) a first-ranking Swedish law pledge of the benefit of each Borrower Account and each sub-account thereof (the "**Swedish Accounts Pledge**");

(f) first-ranking New York law and Swedish law pledges of the benefit of all rights to receive payment under each insurance policy required to be entered into by any of the Obligors under the Mortgage Loan Agreement (the "**Insurance Policies Pledge**");

(g) a Swedish law assignment of the benefit of the Obligors' right to receive payments (including the Rental Guarantee) under the Sale and Purchase Agreement (the "**SPA Assignment**");

(h) an English law assignment by way of security of the Borrower's right, title and interest in the Cap Agreement entered into in accordance with the Mortgage Loan Agreement (including all monies payable thereunder) (the "**Hedge Assignment**"); and

(i) an English law insurance charge of the benefit of the Property Company's right, title and interest to certain insurance policies (including all monies payable thereunder and the proceeds of all claims and judgments for breach of covenant) (the "**English Insurance Charge**"),

(together, the "**Asset Security**"). The Asset Security is subject to the terms of the Intercreditor Agreement. Under the Intercreditor Agreement, the holder of the currently outstanding subordinated debt is prohibited from enforcing or requiring the Security Agent to enforce the Asset Security for so long as any amounts remain outstanding under the Mortgage Loan. See "*Investment*

Considerations—Considerations Relating to the Mortgage Loan—Additional Indebtedness and Other Liabilities".

Under the terms of a custody agreement (the "**Custody Agreement**") to be entered into on or about the Issue date between the Security Agent, the Issuer, the Trustee and ABN AMRO Bank N.V. (the "**Custodian**"), the Custodian will hold, *inter alia*, the *Pantbrev*, the Property Company Notes, the shares pledged pursuant to the Swedish Share Pledge and certain original documents as custodian for the Security Agent, acting in its capacity as agent for the Issuer.

The Asset Security and issues relating to the enforcement of the *Pantbrev* Pledge is further described under "*Servicing of the Mortgage Loan—Special Servicing*".

Loan Events of Default and Enforcement

Loan Events of Default. The Mortgage Loan Agreement sets out events of default ("**Loan Events of Default**"), following the occurrence of which the Issuer will be permitted to instruct the Security Agent to accelerate the Mortgage Loan and the other amounts due under the Mortgage Loan Agreement and enforce the Asset Security. The Loan Events of Default include:

(a) failure to pay any amount payable under the Asset Documents at the time and in the manner specified therein, unless such failure is caused solely by (i) a technical or administrative delay or error in the transmission of funds outside the control of the relevant Obligor and such failure is remedied within two Stockholm Business Days of the due date therefor; or (ii) default on the part of the Security Agent or the Cash Trap Holder in applying proceeds standing to the credit of a Borrower Account or the Cash Trap Account in paying any such amount as required by a Swedish Document, provided that a Loan Event of Default shall not occur if, prior to the Loan Maturity Date (a) a Hard Amortisation Amount is unpaid on any one Loan Payment Date or on any two consecutive Loan Payment Dates or (b) an amount of Soft Amortisation is due but unpaid and the amount of Soft Amortisation which on any such Loan Payment Date is unpaid is less than the Available Soft Amortisation Amount or any Soft Amortisation Amount is unpaid on any Loan Payment Date for any two consecutive Loan Payment Dates;

(b) material misrepresentation or breach of warranty by any Obligor in or pursuant to a Swedish Document unless the circumstances giving rise to such misrepresentation or breach of warranty are remedied within 15 Stockholm Business Days of the earlier of (i) the Obligors becoming aware of such misrepresentation or breach of warranty or (ii) the Borrower being notified of such misrepresentation or breach of warranty by the Issuer, the Cash Trap Holder or the Security Agent;

(c) an Obligor breaches any of its undertakings under a Swedish Document and such breach is not remedied within 15 Stockholm Business Days of the earlier of (i) the Obligors becoming aware of such breach or (ii) the Obligors being notified of such breach by the Issuer, the Cash Trap Holder or the Security Agent, **provided, however** that neither of the following is a Loan Event of Default: (1) failure to make an Adjusted Scheduled Amortisation Payment (unless such failure occurs on more than two consecutive Loan Payment Dates) or (2) breach of a Financial Ratio Test;

(d) default or enforcement of security under any other financial indebtedness of an Obligor (other than indebtedness or security that is subordinated under the Deed of Charge);

(e) the insolvency of, or the occurrence of an insolvency-related event in respect of, an Obligor; and

(f) the compulsory purchase or nationalisation of any of the Properties and such event is likely to have a material adverse effect on the validity of the Asset Security or the ability of the Borrower to meet its obligations under the Mortgage Loan Agreement.

"**Available Soft Amortisation Amount**" means at any relevant time SEK 60,000,000, as reduced from time to time under the Mortgage Loan Agreement in proportion to each repayment of principal on the Mortgage Loan.

"**Soft Amortisation**" means the amount being part of the Adjusted Scheduled Amortisation Amount payable from time to time calculated by applying the formula set out in the Mortgage Loan Agreement for determining the Adjusted Scheduled Amortisation Amount but in the definition of "Initial Amortisation Percentage" substituting the words "Soft Amortisation Percentage" for "Total Initial Amortisation Percentage".

The Mortgage Loan Agreement permits the Borrower to remedy certain of the defaults referred to above (being the events referred to in paragraphs (b), (c), (e) and (f) where such default specifically relates to one or more of the Properties or the Property Company or Property Companies which hold such Properties), and thereby prevent the occurrence of a Loan Event of Default, by applying an amount equal to the Release Amount of such Property or Properties towards the repayment of principal under the Mortgage Loan.

Enforcement of the Asset Security. The Security Agent has delegated to the Master Servicer and, as applicable, the Special Servicer certain of its rights, duties and powers in respect of the Asset Security. See "*Servicing of the Mortgage Loan*" for further details regarding the procedures to be followed by the Special Servicer on the occurrence of a Loan Event of Default.

Insurance

The Mortgage Loan Agreement requires the Borrower to maintain insurance with substantial and reputable insurers having a long-term credit rating of at least "A" from S&P or any other insurer approved by the Issuer (acting reasonably), in respect of each Property and (unless belonging to and insured by the existing tenant of a leasehold Property) trade and other fixtures and fixed plant and machinery forming part of each Property. The risks that are required to be covered include loss or damage by any of the following:

(a) riot, civil commotion and malicious damage;

(b) fire, storm, tempest, flood, earthquake, lightning;

(c) explosion, impact, aircraft (other than hostile aircraft) and other aerial devices and articles dropped from them;

(d) bursting or overflowing of water tanks, apparatus or pipes; and

(e) such other risks and contingencies as are insured in accordance with sound commercial practice,

to the full reinstatement value thereof with adequate provision also being made for the cost of clearing the site and architects', engineers', surveyors' and other professional fees incidental thereto (together with provision for forward inflation).

The Obligors are also obliged to effect:

(a) insurance in respect of all acts of terrorism in relation to the Properties ("**Terrorism Insurance**") with a maximum insured amount of not less than the greater of: (i) the aggregate reinstatement valuation for the Properties Arenan 2, Arenan 3, Arenan 6 and Arenan 8 (the "**Globen Properties**") as indicated in the insurance valuation report prepared by Strandells and delivered as a condition precedent to the Mortgage Loan Agreement (the "**Insurance Valuation Report**"), as such amount shall be reduced on a *pro rata* basis if and as Disposals of any such Properties are completed and (ii) an amount equal to the aggregate reinstatement valuation for the two Properties not being among the Globen Properties at any time with the highest reinstatement valuation as specified in the Insurance Valuation Report (provided that the Finance Parties may not require the Terrorism Insurance to have a deductible of less than €1,000,000); and

(b) insurance against third party and public liability risks,

and certain other undertakings relating to the form and coverage of such insurance policies, including that such insurance is to be from a substantial and reputable insurance office or with substantial and reputable underwriters.

Origination of the Mortgage Loan

General. Prior to the origination of the Mortgage Loan, the Originator undertook certain due diligence procedures, in order to evaluate the ability of the Obligors under the Mortgage Loan to service their respective loan obligations and the quality of the properties securing the Mortgage Loan. The procedures undertaken included analyses of the contractual cashflows, tenant covenant quality, lease terms, building quality, and management of the Properties provided or procured by the Obligors. In addition to due diligence performed internally by the Originator, third parties were engaged on the Originator's behalf by the Obligors to carry out valuations. Third parties were also engaged on the Originator's behalf by the Obligors to carry out environmental assessments and structural surveys. Such surveys were obtained at the time of origination of the Mortgage Loan. See "*Investment Considerations—Considerations Related to the Mortgage Loan—Due Diligence*".

Valuations. Each of the Properties was valued in connection with the origination of the Mortgage Loan. Each of the valuations was undertaken by NewSec Analysis AB. 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 "*Investment Considerations—Considerations Related to the Mortgage Loans—Limitations of Valuations*".

Environmental Assessments. Environmental assessments have been carried out in respect of each Property on behalf of the Originator and, in the Asset Sale Agreement, the 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 Obligor's business or results of operations in respect of which the Borrower has not obtained an indemnity for such environmental condition from the Property Seller. Except as disclosed in "*Investment Considerations—Consideration Related to the Mortgage Loan—Environmental Considerations*".

Legal Due Diligence. In respect of the Properties, a legal due diligence report was issued by the Borrower's Swedish lawyers, prior to origination of the Mortgage Loan (and which reports on title were reviewed on behalf of the Originator prior to the origination of the Mortgage Loan by Advokatfirman Cederquist KB against the records of the Swedish National Surveys real property register). On 13 August 2003, the Borrower's Swedish lawyers issued a reliance letter to the Security Agent on behalf of the Finance Parties in respect of such report in connection with the Mortgage Loan.

Asset Sale Agreement

Acquisition by the Issuer of the Mortgage Loan. On the Issue Date, the Issuer, the Trustee and the Originator will enter into an asset sale agreement (the "**Asset Sale Agreement**") pursuant to the terms of which, among other things, the Originator will sell and the Issuer will purchase the Mortgage Loan and the Originator will assign its beneficial interest in the Asset Security. Pursuant to the terms of the Asset Sale Agreement and in consideration for the purchase of the Mortgage Loan, the Issuer will pay:

(a) on the Issue Date, €510,536,293 (the "**Initial Purchase Price**"); and

(b) on each Payment Date, any amounts which at such time constitute Deferred Consideration.

Following the assignment of the Mortgage Loan to the Issuer, the Mortgage Loan and Asset Security will be held by or on behalf of the Trustee for the benefit of the Noteholders and the other Secured Creditors.

Deferred Consideration. Pursuant to the terms of the Asset Sale Agreement, the amount of deferred consideration (if any) payable to the Originator (or any other person or persons then otherwise entitled thereto) on any Payment Date will be equal to the sum of:

(a) an amount equal to the difference between (a) the then Interest Collections and (b) the aggregate of all amounts payable by the Issuer on that Payment Date in respect of Subordinated Swap Amounts and all other amounts ranking *pari passu* therewith or in priority thereto under the Interest Priority of Payments or the Post-Enforcement Priority of Payments, as applicable (the "**Excess Available Interest Collection Amount**"); and

(b) an amount equal to any amount of principal paid to the Liquidity Provider out of Interest Collections,

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

Representations and Warranties of the Originator; Cures and Repurchases. The Originator will make certain representations and warranties pursuant to the terms of the Asset Sale Agreement regarding the Mortgage Loan. The representations and warranties are made as at the Issue Date and are not repeated at any time thereafter. The Issuer therefore bears the risk of any representation or warranty becoming untrue after the Issue Date. The Issuer has not made, nor will it make, any inquiry, search or investigation with respect to the origination of the Mortgage Loan by the Originator or in relation to the Mortgage Loan itself. The representations and warranties given by the Originator, save as disclosed by the Originator to the Issuer, include representations to the effect described below:

(a) the information regarding the Mortgage Loan and the Mortgage Loan Agreement set forth in this Offering Circular is complete, true and accurate in all material respects as at the Issue Date;

(b) the Originator is the legal and beneficial owner of the Mortgage Loan, free and clear of all encumbrances and the Mortgage Loan may be validly transferred;

(c) the Security Agent holds the relevant mortgage on behalf of the Finance Parties, including the Originator, 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 Security Agent's interest therein;

(d) the Originator is not aware of any litigation or claim calling into question in any material way its title to the Mortgage Loan;

(e) the Mortgage Loan may be validly assigned or novated to the Issuer and/or the Trustee and the assignment or novation to the Issuer shall be legal, valid and binding on the Originator;

(f) the Mortgage Loan does not contain obligations on the Originator to make any further advances and no part of any advance has been retained by the Originator pending compliance by the Borrower with any conditions;

(g) as at the Issue Date, each Obligor has registered title to the relevant Properties or a valid long lease thereof and is the legal owner of all Properties;

(h) subject to the court's discretion in respect of enforcement of equitable remedies, laws relating to insolvency, stamp-duty indemnity provisions, time barring of claims and defences of set-off and counterclaim (the "**Reservations**"), the Mortgage Loan Agreement is legal, valid and binding on the Borrower or Property Companies (as appropriate) and is enforceable in accordance with its terms;

(i) subject to each *Pantbrev* being retained at all times in Sweden by the pledgee, the pledge of each *Pantbrev* constitutes a legal, valid and binding first ranking security over each Property;

(j) no Obligor is entitled to exercise any right of set-off or counterclaim against the Originator in respect of any amount that is payable by it to the Originator under the Mortgage 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 Originator's knowledge, other than as disclosed under "*Investment Considerations - Considerations Related to the Mortgage Loan - Borrower's Ability to Refinance, Sell the Properties or to Extend the Loan Maturity Date*" there is no proceeding pending or threatened for the compulsory purchase of all or any material portion of any Property;

(m) to the best of the Originator's knowledge, as at the Issue Date, all insurance required under the Mortgage Loan Agreement is in full force and effect with respect to each Property;

(n) to the Originator's actual knowledge, there are no liquidation, receivership or administration or any similar proceedings in respect of any Obligor under the Mortgage Loan Agreement; and

(o) to the best of the Originator's knowledge, there is no material breach or material violation under the Mortgage Loan Agreement which has not been remedied, cured or waived.

Certain of the Originator's representations and warranties contained in the Asset Sale Agreement are qualified by disclosure from the Originator to the Issuer.

Issuer's Remedies for Breach. If any of the representations and warranties made by the Originator to the Issuer under the Asset Sale Agreement are untrue as at the Issue Date, and that breach materially and adversely affects the interests of the Noteholders, then the Originator will be required either:

(a) to remedy that breach, in all material respects, or

(b) to repurchase the Mortgage Loan at a price generally equal to the outstanding principal amount of the Mortgage Loan, together with all accrued but unpaid interest thereon up to the date of the repurchase.

The Originator is required to remedy or repurchase within 90 days following the earlier of the Originator's discovery of the breach and receipt of written notice from the Issuer or the Trustee of the material breach. However, if the Originator is diligently attempting to remedy the breach, then it will be entitled to an additional 90 days to complete the remedy or repurchase.

The cure/repurchase obligations of the Originator described above will constitute the sole remedy available to the Issuer in connection with a breach of any representations or warranties with respect to the Mortgage Loan. No other person will be obliged to repurchase the Mortgage Loan if the Originator defaults in its obligations to do so. There can be no assurance the Originator will have sufficient assets to repurchase the Mortgage Loan if required to do so.

Junior Loan Agreement

Junior Loan. Pursuant to a loan agreement (the "**Junior Loan Agreement**") to be dated 31 March 2004 and entered into between, among others, the Issuer and the Junior Lender, the Junior Lender will advance €51,922,511 (the "**Junior Loan**") to the Issuer on the Issue Date.

Cure Payments. The Junior Lender will be permitted to cure payment defaults by the Borrower under the Mortgage Loan Agreement by making cure payments in respect of interest payments ("**Interest Cure Payments**") and in respect of principal repayments ("**Principal Cure Payments**", and together with Interest Cure Payments, the "**Cure Payments**") to the Issuer, in Kronor, on or before any Loan Payment Date. The Junior Lender is prohibited under the Deed of

Charge from making more than two Cure Payments in any 12 month period or more than six Cure Payments in the aggregate. To the extent that funds are available to be distributed to the Junior Lender in accordance with the relevant Priority of Payments, the Junior Lender will be entitled to repayment of all Interest Cure Payments and Principal Cure Payments (in each case after conversion into Euro at the prevailing spot market rate) that it has made.

If the Junior Lender, by making a Cure Payment, cures all payment defaults committed by the Borrower on any particular Loan Payment Date then (i) the Borrower will be deemed not to have committed a Monetary Default on that Loan Payment Date (and, consequently, Interest Collections and Principal Collections will be applied by the Issuer on the next Payment Date in accordance with the relevant non-Monetary Default Priority of Payments—see "*Application of Funds*"); (ii) a Loan Event of Default in respect of such payment default will be deemed not to have occurred, and consequently, as regards such payment default, (a) the Mortgage Loan will not be accelerated, (b) the Mortgage Loan will not become a Specially Serviced Mortgage Loan (and no Special Servicing Fee will accrue) and (c) the Asset Security will not become enforceable.

Subordination. The Junior Lender will agree to subordinate its rights to receive payments under the Junior Loan Agreement to those of the Noteholders in accordance with the Priorities of Payments.

Scheduled Amortisation of the Mortgage Loan

On the Loan Payment Date falling in November 2005 and on each Loan Payment Date thereafter, the Borrower will be required to repay principal in an amount equal to the Adjusted Scheduled Amortisation Amount.

"**Adjusted Amortisation Percentage**" means, with respect of any Loan Payment Date, an amount equal to: (i) the Initial Amortisation Percentage *multiplied by* (ii) the quotient (expressed as a percentage) of (x) the principal amount outstanding of the Mortgage Loan as at such Loan Payment Date *divided by* (y) the Initial Scheduled Balance as at such Loan Payment Date.

"**Adjusted Scheduled Amortisation Amount**" means, with respect to any Loan Payment Date, an amount equal to: (i) the Scheduled Amortisation Amount otherwise due on such Loan Payment Date *minus* (ii) the Available Release Premium Amount on such Loan Payment Date. For the avoidance of doubt, if the Adjusted Scheduled Amortisation Amount is a negative number, the Adjusted Scheduled Amortisation Amount on such Loan Payment Date shall be equal to zero.

"**Available Release Premium Amount**" means, with respect to any Loan Payment Date, an amount equal to the lower of: (i) (x) the aggregate Release Premium Amounts paid to the Issuer as of such Loan Payment Date *minus* (y) the Used Release Premium Amounts as of such Loan Payment Date and (ii) the Maximum Credit Amount.

"**Initial Amortisation Percentage**" means, with respect to any Loan Payment Date, the percentage set forth under the heading "Total Initial Amortisation Percentage" listed opposite the period in which such Loan Payment Date falls, as set out in the table headed "Amortisation Schedule" below).

Amortisation Schedule			
Period	**Hard Amortisation Percentage**	**Soft Amortisation Percentage**	**Total Initial Amortisation Percentage**
March 2004 to August 2005	0.00%	0.00%	0.00%
August 2005 to November 2005	0.45%	0.00%	0.45%
November 2005 to February 2006	0.50%	0.00%	0.50%
February 2006 to August 2006	0.55%	0.00%	0.55%
August 2006 to November 2008	0.54%	0.19%	0.73%
November 2008 to May 2009	0.50%	0.23%	0.73%
May 2009 to May 2010	0.50%	0.30%	0.80%
May 2010 to November 2010	0.50%	0.40%	0.90%

"**Initial Scheduled Amortisation Amount**" means with respect of any Loan Payment Date, an amount equal to: (i) SEK4,731,550,000 *multiplied by* (ii) the Initial Amortisation Percentage on such Loan Payment Date.

"**Initial Scheduled Balance**" means, with respect to any Loan Payment Date, an amount equal to: (i) SEK 4,731,550,000 *minus* (ii) the sum of the Initial Scheduled Amortisation Amount for each Loan Payment Date preceding such Loan Payment Date.

"**Maximum Credit Amount**" means, with respect to any Loan Payment Date, an amount equal to: (i) 0.88% multiplied by SEK 4,731,550,000 *minus* (ii) the aggregate Used Release Premium Amounts prior to such Loan Payment Date. For the avoidance of doubt, if the Maximum Credit Amount is a negative number, the Maximum Credit Amount on such Loan Payment Date shall be equal to zero.

"**Release Premium Amount**" means, with respect to any Disposal (or other release in accordance with the Mortgage Loan Agreement) of a Property or a Company Disposal that occurs on or prior to 25 November 2007, an amount equal to: (i) the Release Price paid to the Issuer in connection with such Disposal or Company Disposal *minus* (ii) the Loan Allocation of the Property that is the subject of such Disposal or is owned by the Property Company that is the subject of such Company Disposal.

"**Scheduled Amortisation Amount**" means, with respect to any Loan Payment Date, an amount equal to: (i) the Adjusted Amortisation Percentage on such Loan Payment Date multiplied by (ii) SEK4,731,550,000.

"**Used Release Premium Amount**" means, with respect to any Loan Payment Date, an amount equal to the aggregate Release Premium Amounts actually used to reduce a Scheduled Amortisation Amount for purposes of calculating the Adjusted Scheduled Amortisation Amounts that were paid prior to such Loan Payment Date. For the avoidance of doubt, to the extent the Release Premium Amounts would reduce a Scheduled Amortisation Amount to below zero, such Release Premium Amounts shall not be deemed Used Release Premium Amounts.

SERVICING OF THE MORTGAGE LOAN

General

The servicing and administration of the Mortgage Loan and the Asset Security will be governed pursuant to the terms of a servicing agreement dated on or about the Issue Date between (among others) the Issuer, the Security Agent, the Master Servicer and the Special Servicer (the "**Servicing Agreement**"). Pursuant to the terms of the Servicing Agreement, the Master Servicer and, as applicable, the Special Servicer, must service and administer the Mortgage Loan in accordance with:

(a) any and all applicable laws;

(b) the express terms of the Servicing Agreement;

(c) the express terms of the Mortgage Loan Agreement and the Asset Documents; and

(d) to the extent consistent with the foregoing, the Servicing Standard.

The "**Servicing Standard**" requires the Master Servicer and, as applicable, the Special Servicer to service and administer the Mortgage Loan, and perform their respective duties under the Servicing Agreement:

(a) in accordance with the standards of a reasonably prudent lender of money secured by mortgages over commercial property;

(b) with a view to the timely collection of all sums due from the Borrower and, in the event of any default by the Borrower under the Mortgage Loan, the maximisation of recovery on the Mortgage Loan to the Issuer, on a net present value basis; and

(c) without regard to (i) any relationship that the Master Servicer and, as applicable, the Special Servicer or any Affiliate thereof may have with any Obligor or any party to the Servicing Agreement; (ii) the ownership of any Note by the Master Servicer and, as applicable, the Special Servicer or any Affiliate thereof; (iii) the obligation of the Master Servicer and, as applicable, the Special Servicer, to make out-of-pocket expenditures; (iv) the right of the Master Servicer and, as applicable, the Special Servicer or any Affiliate thereof, to receive reimbursement of costs, or any compensation payable by or to it under the Servicing Agreement and (v) the ownership, servicing or management of other loans or properties not included in or securing, as the case may be, the Mortgage Loan.

The servicing of the Mortgage Loan will be undertaken for the benefit of (among others) the Issuer and the Trustee according to their respective rights and interests in the Mortgage Loan and the Asset Security.

When used in this Offering Circular, "**Affiliate**" means, in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company.

Role of the Master Servicer and the Special Servicer

As from the Issue Date and in accordance with and pursuant to the terms of the Servicing Agreement, the Master Servicer will be responsible for the servicing and administration of the Mortgage Loan.

Special Servicing

However, if:

(a) any scheduled payment in respect of the Mortgage Loan (other than any final payment due and payable on the Mortgage Loan) is more than sixty (60) days delinquent following the date on which such failure to pay constitutes an event of default under the Mortgage Loan Agreement;

(b) there is a payment default on the Loan Maturity Date;

(c) the Borrower experiences certain insolvency events;

(d) the Master Servicer has received notice of the foreclosure or proposed foreclosure on a Property;

(e) there is, to the knowledge of the Master Servicer, a material default on the Mortgage Loan or a material default is imminent on the Mortgage Loan and is not likely to be cured by the Borrower within sixty (60) days after such default; or

(f) any other default occurs on the Mortgage Loan and, in the reasonable judgment of the Master Servicer (acting in good faith), such default materially impairs, or could materially impair, the use or marketability of any Property or the value thereof as security for the Mortgage Loan,

(each, a "**Special Servicing Event**"), the Controlling Party (in accordance with Condition 3(c) (*Special Servicer*)), will be entitled to appoint a Controlling Party Representative. Upon the appointment of a Controlling Party Representative by the Controlling Party, the Issuer, the Trustee, the Master Servicer, the then Special Servicer and the Security Agent will be required, pursuant to the terms of the Servicing Agreement, to use all reasonable endeavours to enable the Controlling Party Representative to accede to the Servicing Agreement. Upon the Controlling Party Representative becoming a party to the Servicing Agreement, the Controlling Party Representative will be entitled (on behalf of the Controlling Party) to confirm the appointment of Hatfield Philips as the Special Servicer or, at is discretion, terminate the appointment of the then Special Servicer and appoint an alternative entity, which satisfies the requirements set out in the Servicing Agreement for a Special Servicer, as an alternative Special Servicer.

Upon the occurrence of a Special Servicing Event and until such time as a Controlling Party Representative is appointed by the Controlling Party and such Controlling Party becomes a party to the Servicing Agreement, the Special Servicer will be required pursuant to the terms of the Servicing Agreement to formally assume special servicing duties in respect of the Mortgage Loan (and will continue to act as Special Servicer and be entitled to any fees payable to a Special Servicer under the Servicing Agreement until the Controlling Party Representative requires the replacement of such Special Servicer or the Special Servicing Event no longer remains in effect).

Upon and from the occurrence of a Special Servicing Event, and until the occurrence of a Correction Event (as defined below), the Mortgage Loan will be classified as the "**Specially Serviced Loan**".

If, at any time:

(a) after a default specified in paragraph (a) of the definition of "Special Servicing Event" has occurred and, as of that time, the Specially Serviced Loan has performed for at least two (2) consecutive Loan Interest Periods in accordance with its original terms; or

(b) after a default specified in paragraph (b), (c), (d), (e) and/or (f) of the definition of "Special Servicing Event" has occurred and, as of that time, such event has been remedied, cured or otherwise resolved

(each a "**Correction Event**" and the Specially Serviced Loan, upon the occurrence of such Correction Event, the "**Corrected Mortgage Loan**"), the Special Servicer will transfer servicing of the Corrected Mortgage Loan back to the Master Servicer.

Ongoing Duties of the Master Servicer in relation to the Specially Serviced Loan

Notwithstanding the appointment of the Special Servicer, the Master Servicer will be required to continue to collect information and prepare all reports required to be collected or prepared by it pursuant to the terms of the Servicing Agreement, which may include reports and information regarding the Mortgage Loan notwithstanding that the Mortgage Loan is a Specially

Serviced Loan (but provided that the information and reports in respect of the Specially Serviced Loan will be based on information reports provided by the Special Servicer). Neither the Master Servicer nor the Special Servicer will have responsibility for the performance by the other of its obligations and duties under the Servicing Agreement.

Rights and Powers of the Controlling Party Representative

Upon the Controlling Party Representative acceding to the terms of the Servicing Agreement, the then Special Servicer is required to seek the advice of, and take directions given by, subject to the following paragraphs, the Controlling Party Representative in relation to the following matters for so long as the Mortgage Loan is a Specially Serviced Loan:

(a) any enforcement of the Specially Serviced Loan and the appointment of an enforcement officer in relation to the Specially Serviced Loan and any steps taken in relation to the appointment of a receiver by a competent court in relation to any Obligor;

(b) any modification, amendment or waiver of a monetary term, including the timing of payments, or any material non-monetary term of the Specially Serviced Loan;

(c) any release of any security for the 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, the Specially Serviced Loan or the payment of a corresponding principal amount thereunder; and

(d) the release or novation of any Obligor's obligations under the terms of the Asset Documents relating to the Specially Serviced Loan.

The Special Servicer is required to notify the Controlling Party Representative in advance of any action it intends to take with regard to the matters set out above. In general, the Special Servicer is not permitted to take any actions to which the Controlling Party Representative objects in writing within five (5) 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 Special Servicer determines in accordance with the Servicing Standard that immediate action is necessary to protect the interest of the Noteholders as a collective whole, the Special Servicer is permitted to take whatever action it reasonably considers necessary, without waiting for the Controlling Party Representative's response. If the Special Servicer does take any such action without waiting, it is required to notify the Controlling Party 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 Party Representative regarding any further action that it considers should be taken in the interests of the Controlling Party. In addition and subject to the following paragraph, the Controlling Party Representative may, if the Mortgage Loan becomes a Specially Serviced Loan, direct the Special Servicer to take, or to refrain from taking, such actions as the Controlling Party Representative may deem advisable or as to which provision is otherwise made pursuant to the Servicing Agreement.

Notwithstanding the foregoing, no advice, direction, representation or objection given or made by the Controlling Party Representative may require or cause the Special Servicer to violate any provision of the Servicing Agreement or to service the Mortgage Loan other than in accordance with the Servicing Standard. Furthermore, the Special Servicer will not be obliged to seek approval from the Controlling Party Representative for any actions to be taken by the Special Servicer with respect to the Mortgage Loan if the Special Servicer has, as described above, notified the Controlling Party Representative in writing of the actions that the Special Servicer proposes to take with respect to the Mortgage Loan, and for thirty (30) days following the first of those notices, the Controlling Party Representative has objected to all of those proposed actions but has failed to suggest any alternative actions that the Special Servicer considers to be consistent with the Servicing Standard.

Further, the Master Servicer or, as the case may be, the Special Servicer, is required to provide written notification to the Junior Lender in relation to certain matters more particularly described in the Servicing Agreement and the Junior Lender may offer its advice in relation thereto.

Liability of the Controlling Party Representative

Pursuant to the terms of the Servicing Agreement and Condition 3(c) (*Special Servicer*), the Controlling Party Representative:

(a) may act solely in the interests of the Controlling Party;

(b) does not have any responsibilities to any Noteholders other than the Controlling Party;

(c) may take actions that favour the interests of the Controlling Party 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 Party;

(e) will have no liability whatsoever for having acted solely in the interests of the Controlling Party, and no holder of any class of Notes may take any action whatsoever against the Controlling Party Representative for having so acted; and

(f) may have special relationships and interests that conflict with the interests of the holders of one or more classes of the Notes.

Master Servicing Fees and Special Servicing Fees and Other Compensation

On each Payment Date and in accordance with the relevant Priority of Payments:

(a) a fee (the "**Master Servicing Fee**") will be payable by the Issuer to the Master Servicer in relation to the Mortgage Loan, for each day that the Mortgage Loan is not a Specially Serviced Loan during the immediately preceding Collection Period. The Master Servicing Fee will accrue at the rate of 0.0225% per annum (plus any value added tax) of the Euro (SEK) Equivalent of the aggregate outstanding principal amount of the Mortgage Loan on a daily basis according to the number of days in each such Collection Period during which the Mortgage Loan was not a Specially Serviced Loan;

(b) a fee (the "**Special Servicing Fee**") will be payable by the Issuer to the Special Servicer in relation to the Mortgage Loan if the Mortgage Loan becomes a Specially Serviced Loan at any time during the immediately preceding Collection Period. The Special Servicing Fee will accrue at the rate of 0.15% per annum (plus any value added tax) of the Euro (SEK) Equivalent of the aggregate outstanding principal amount of the Mortgage Loan on a daily basis according to the number of days in each such Collection Period during which a Mortgage Loan was (at any time) a Specially Serviced Loan; and

(c) a fee (the "**Workout Fee**") will be payable by the Issuer to the Special Servicer in relation to the Mortgage Loan if it is a Corrected Mortgage Loan as at such Payment Date. The Workout Fee will equal the product of (a) 0.30% and (b) the Euro (SEK) Equivalent of all interest and principal received in respect of the Corrected Mortgage Loan during the most recently completed Collection Period, plus any value added tax.

"**Collection Period**" means, with respect to any Determination Date, the period commencing on (and including) the next (or first) Determination Date (or in the case of the first Collection Period, commencing on the Issue Date) and ending on (but excluding) the following Determination Date.

In addition to the Special Servicing Fee and the Workout Fee, the Special Servicer will be entitled to receive a fee (the "**Liquidation Fee**") on any Payment Date if (a) the Mortgage Loan is not a Corrected Mortgage Loan on such Payment Date and (b) during the most recently completed Collection Period, and while the Mortgage Loan was a Specially Serviced Loan, the Special Servicer effected the sale of a Property or the Property Company that holds such Property. The Liquidation Fee will equal 0.30% of the proceeds of such sale, after deducting all costs and expenses of the sale including, without limitation, any amount paid or payable in respect of an indemnity on sale and any applicable taxes (such proceeds, "**Liquidation Proceeds**"), plus any value added tax.

The Liquidation Fee is payable by the Issuer to the Special Servicer in relation to the Specially Serviced Loan in accordance with the relevant Priority of Payments on each Payment Date and in priority to payments of principal on the Notes. Therefore, although Liquidation Fees are intended to provide the Special Servicer with an incentive to better perform its duties, the payment of any Liquidation Fee will reduce principal amounts payable to the Noteholders.

The Master Servicing Fee, any Special Servicing Fee and any Workout Fee in relation to a Mortgage Loan will cease to be payable by the Issuer when any of the following events (each, a "**Final Liquidation Event**") occurs in relation to the Mortgage Loan:

(a) the Mortgage Loan is repaid in full;

(b) a Final Recovery Determination (as defined under "*—Calculations by the Master Servicer and the Special Servicer*" below) is made with respect to the Mortgage Loan; or

(c) the Mortgage Loan is repurchased by the Originator in accordance with and pursuant to the terms of the Asset Sale Agreement.

The Master Servicer and the Special Servicer will be required to pay out of their own funds their respective overhead costs and any general and administrative expenses incurred by them in connection with their servicing activities carried out pursuant to the terms of the Servicing Agreement and will, in general, not be entitled to reimbursement for such expenses. However, on each Payment Date, the Master Servicer and the Special Servicer are entitled, pursuant to the terms of the Servicing Agreement and in accordance with the relevant Priority of Payments, 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 "*—Insurance*" below. Such costs and expenses are usually payable by the Issuer on the Payment Date following the Collection Period during which they are incurred by the Master Servicer or the Special Servicer or, in the case of fees and expenses which are paid directly by Obligors, on the Payment Date following the Collection Period during which such fees and expenses are collected from Obligors or realised from the liquidation of the property.

The Workout Fee, the Master Servicing Fee, the Special Servicing Fee, the Liquidation Fee and other amounts payable to the Master Servicer and the Special Servicer are payable in accordance with the relevant Priority of Payments and in priority to any payments of interest or principal, as applicable, on the Notes, 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 the Master Servicer and the Special Servicer of their respective duties at all times while the Notes are outstanding.

Termination of the Appointment of the Master Servicer or the Special Servicer

Pursuant to the terms of the Servicing Agreement:

(a) the Issuer and the Trustee may, at any time (with thirty (30) days' prior notice) terminate the Master Servicer's appointment and appoint (in accordance with the Servicing Agreement) a successor Master Servicer;

(b) if no Controlling Party Representative has been appointed, the Issuer and the Trustee may, at any time (with thirty (30) days' prior notice), terminate the Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Special Servicer; and

(c) if a Controlling Party Representative has been appointed, the Controlling Party Representative or the Issuer and the Trustee (with the consent of the Controlling Party Representative) may, at any time (with thirty (30) days' prior notice), terminate the Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Special Servicer.

Events of default in respect of the Master Servicer and the Special Servicer include, *inter alia*:

(a) a default in the payment on the due date of any payment to be made by the Master Servicer or, as the case may be, the Special Servicer, pursuant to the terms of the Servicing Agreement;

(b) a default in the performance of any of the Master Servicer's or, as the case may be, the Special Servicer's, other material covenants or obligations pursuant to the terms of the Servicing Agreement; and

(c) the occurrence of certain insolvency related events in relation to the Master Servicer or, as the case may be, the Special Servicer.

In addition, the Master Servicer and/or the Special Servicer may resign by the Master Servicer or, as applicable, the Special Servicer giving at least three (3) months' notice to, *inter alios*, the Issuer and the Trustee.

Regardless of the reason, the termination of the appointment of the Master Servicer or the Special Servicer will not take effect until a successor Master Servicer or successor Special Servicer, as the case may be, has been appointed in its place. The identity and terms of appointment of any successor Master Servicer or successor Special Servicer must meet certain criteria set out in the Servicing Agreement. These include written confirmation by each Rating Agency that the current ratings of each class of Notes rated by such Rating Agencies will not be adversely affected as a result of such appointment. The fee payable to any successor Master Servicer or Special Servicer must be approved by the Trustee, but must not in any event exceed the rate then commonly charged by providers of commercial mortgage loan servicing services in Sweden.

Upon the termination of its appointment, the Master Servicer or the Special Servicer, as the case may be, 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 the successor Special Servicer, as applicable, and is required to take such further lawful action as the Trustee may reasonably direct to enable the successor Master Servicer or the successor Special Servicer, as the case may be, to perform its servicing duties.

In no circumstances shall the Trustee be obliged to assume the obligations of the Master Servicer or the Special Servicer.

Termination of the Appointment of the Controlling Party Representative

In accordance with the Conditions, the holders of the most junior class of Notes outstanding with an aggregate Principal Amount Outstanding of greater than 25% of the Principal Amount Outstanding of such class of Notes (as at the Issue Date) will at such time be the "**Controlling Party**". Upon any reduction of the aggregate Principal Amount Outstanding of such class of Notes to less than or equal to 25% of the Principal Amount Outstanding of such class of Notes (as at the Issue Date), the holders of the next most junior class of Notes then outstanding will become the Controlling Party. The Noteholders of the class of Notes constituting the then Controlling Party 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 Party Representative and to appoint, in accordance with the terms of the Servicing Agreement, a successor Controlling Party Representative. The holders of the Class X Notes may not become the Controlling Party.

Upon any change in the identity of the Controlling Party Representative, the rights and obligations of the then Controlling Party Representative under the Servicing Agreement will be terminated and, pursuant to the terms of the Servicing Agreement, the Issuer, the Master Servicer, the Trustee and the then Special Servicer will be required to use all reasonable endeavours to enable the successor Controlling Party Representative to accede to the terms of the Servicing Agreement.

Appraisal Reductions

An "**Appraisal Reduction**" means, if any Property is the subject of an appraisal conducted in accordance with the terms of the Servicing Agreement as a result of the Mortgage Loan having:

(a) payments of interest or principal outstanding for 120 days or more (beginning from the date upon which the relevant failure to pay constituted a Loan Event of Default);

(b) 90 days elapsed since an enforcement officer was appointed;

(c) the payment or terms of the Mortgage Loan (including the maturity thereof) modified in relation to a debt rescheduling; or

(d) 30 days elapsed since the Mortgage Loan became a Specially Serviced Loan (and has not prior to such time further become a Corrected Mortgage 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 Loan Allocation of such Property, plus that Property's proportionate share of all unpaid interest on the Mortgage 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 such Property, over

(ii) 90% of the appraised value of such Property (as determined pursuant to such appraisal or valuation).

Modifications, Waivers, Amendments and Consents

The Master Servicer or, in the case of the Specially Serviced Loan, the Special Servicer, will be responsible for responding to requests by any Obligor for modifications, waivers or amendments to the Mortgage Loan Agreement and other documentation related to the Mortgage Loan. With respect to requests for consents, modifications, waivers or amendments not contemplated by the Asset Documents, the Master Servicer or in the case of the Specially Serviced Loan, the 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 an Obligor from any of its obligations under the terms of the Mortgage Loan Agreement or any other related Asset Document;

(ii) release any security for the Mortgage Loan (unless a corresponding principal payment is made under the terms of the Mortgage Loan);

(iii) result in the disposal (whether by transfer or encumbrance) of all or a part of the Properties (unless the principal payment required under the terms of the Mortgage Loan is made);

(iv) require the Issuer to make any further advance of monies to an Obligor;

(v) extend the Loan Maturity Date of the Mortgage Loan beyond the date which is two (2) years prior to the Maturity Date;

(vi) impair the security for the Mortgage Loan; or

(vii) reduce the likelihood of timely payments of amounts due on the Mortgage Loan.

Notwithstanding the foregoing, the Master Servicer or, subject as provided below, the Special Servicer, may, subject to the provisions of the Asset Documents, grant any consents, modifications, amendments or waivers in respect of the Mortgage Loan or the Specially Serviced Loan, whether in the nature of any consent, modification, waiver or amendment contemplated above or any other modification, waiver or amendment of the Mortgage Loan (including any consent, modification, amendment or waiver which, in the opinion of the Master Servicer or the Special Servicer, as the

case may be, could have a material adverse effect on the Noteholders), if the Master Servicer or the Special Servicer, as the case may be, has first 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 the Special Servicer may not give any consent, modification, amendment or waiver that would have an effect referred to in paragraphs (i), (ii), (iii) and (vii) above.

The Master Servicer or (in the case of the Specially Serviced Loan) the Special Servicer will be required to deliver to the Trustee the mortgage file relating to the Mortgage Loan, and to deposit therein 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 of any such agreement to the Issuer and each Rating Agency. Upon reasonable prior written notice to the Trustee, copies of each agreement by which any modification, waiver or amendment of any term of the Mortgage Loan is effected will be available for review by the Master Servicer or (in the case of the Specially Serviced Loan) the Special Servicer during normal business hours at the offices of the Trustee.

Delegation of Duties of the Security Agent

The Master Servicer, or the Special Servicer, as the case may be, shall, on behalf of the Security Agent, exercise all of the rights and discharge all of the responsibilities of the Security Agent under the Asset Documents, including but not limited to the following:

(i) the prompt notification to the Borrower and each Finance Party of the applicable rate of interest on the Mortgage Loan after ascertaining the same in accordance with the Mortgage Loan Agreement;

(ii) the testing of certain of the covenants set out in the Mortgage Loan Agreement;

(iii) the exercise of the Security Agent's signing rights in respect of the Disposal Proceeds Account, the Interest Payment Account and the Insurance Proceeds Account, and if a Loan Event of Default is continuing, its signing rights on the Rental Income Account;

(iv) the exercise of the Security Agent's rights to make withdrawals from the Rental Income Account, Disposal Proceeds Account, the Interest Payment Account and the Insurance Proceeds Account in accordance with the Mortgage Loan Agreement;

(v) its discretion to require the Borrower to appoint a new Property Manager or a new Asset Manager (as applicable) in relation to a Property in accordance with the Mortgage Loan Agreement; and

(vi) in accordance with the Mortgage Loan Agreement, if Loan Event of Default has occurred and is continuing, *inter alia*:

  (a) its discretion to take any step to enforce any Asset Security, or exercise any rights of the Finance Parties, under the Asset Documents; and

  (b) its discretion to terminate (or authorise the termination of) the Cap Agreement (to the extent permitted under the terms of such Agreement).

Calculations by the Master Servicer and the Special Servicer

The Master Servicer or (in the case of the Specially Serviced Loan), the Special Servicer will calculate the amounts due from the Obligors to the Issuer pursuant to the terms of the Mortgage Loan Agreement and, on each Loan Payment Date, the Master Servicer or, as the case may be, the Special Servicer shall, on behalf the Security Agent, instruct the Borrower Operating Bank to transfer all such amounts from the Borrower Accounts to the Kronor Transaction Account. By not later than 2:00 p.m. on the Stockholm Business Day following each Loan Payment Date, the Master Servicer or, as the case may be, the Special Servicer will notify (among others) the Cash Manager of, among other things, the amount of interest and principal paid on the Mortgage Loan during the most recent Loan Interest Period.

If the Special Servicer determines at any time, in accordance with the Servicing Standard, that there has been a recovery of all Liquidation Proceeds, insurance proceeds and any other payments that will be ultimately recoverable in relation to the Mortgage Loan (a "**Final Recovery Determination**"), it is required to notify the Master Servicer, the Issuer, the Controlling Party Representative, the Security Agent, the Cash Manager and the Trustee of the amount of such Final Recovery Determination.

Annual Review

The Master Servicer or (in the case of the Specially Serviced Loan) the Special Servicer shall undertake an annual review of each Obligor and the Mortgage Loan. The Master Servicer or, as applicable, the Special Servicer is, however, authorised to conduct the review process more frequently if the Master Servicer, or, as applicable, the Special Servicer, acting in accordance with the Servicing Standard, has cause for concern as to the ability of any Obligor to meet its financial obligations pursuant to the terms of the Mortgage Loan Agreement. Such a review may (but need not necessarily) include an assessment of the quality of the cash flow arising from the Property held by that Obligor (including the strength of any covenant relevant thereto), along with a compliance check of all of the Obligors' financial covenants under the Mortgage Loan Agreement. The Master Servicer or, as applicable, the Special Servicer will be required to inspect each Property every two years.

Ground Rents

The Master Servicer (if the Mortgage Loan is not a Specially Serviced Loan) and the Special Servicer (if the Mortgage Loan is a Specially Serviced Loan) shall maintain accurate records with respect to each 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 Master Servicer or, as applicable, the Special Servicer shall pay to the appropriate third party any ground rents not paid by an Obligor in accordance with the applicable headlease, including any penalties or other charges arising from an Obligor's failure to timely pay such items. In addition, the Master Servicer or, as applicable, the Special Servicer, on being notified or becoming aware of steps being taken by a landlord to enforce any amounts under any headlease in relation to a Property, shall, subject to the paragraph below, use all reasonable endeavours to prevent such enforcement (such actions to include, where necessary, the payment of all amounts due owing by the relevant Obligor pursuant to the terms of such headlease).

Notwithstanding the above, neither the Master Servicer nor the Special Servicer shall be required to pay an 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 Master Servicer (if the Mortgage Loan is not a Specially Serviced Loan) and the Special Servicer (if the Mortgage Loan is a Specially Serviced Loan) shall use reasonable efforts consistent with the Servicing Standard to cause each Property Company to comply with the requirements of the Mortgage Loan Agreement regarding the maintenance of insurance of each Property owned by that Property Company.

Subject to the paragraph below, in the event that the Master Servicer (if the Mortgage Loan is not a Specially Serviced Loan) or the Special Servicer (if the Mortgage Loan is a Specially Serviced Loan) becomes aware that either: (1) a Property is not covered by the relevant Insurance Policy; or (2) an Insurance Policy may lapse in relation to a Property due to the non-payment of any premium, the Master Servicer or, the Special Servicer, as appropriate, shall procure an insurance policy to be maintained in respect of such Property and pay all necessary premiums (in the case of (1) preceding) or pay to the insurer any unpaid premiums, together with any penalties or other charges arising from the non-payment of such items (in the case of (2) preceding).

Neither the Master Servicer nor the Special Servicer 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.

Other Matters

In addition to the duties described above, the terms of the Servicing Agreement require the Servicer to perform duties customary for a servicer of a mortgage loan, such as retaining or arranging for the retention of a servicing file, which will include all appraisals, surveys and engineering and environmental reports in respect of the Properties.

In no circumstances will the Master Servicer or, as applicable, the Special Servicer, or the Controlling Party Representative be liable for any obligation of any Obligor under the Mortgage Loan or have any liability to any third party for the obligations of the Issuer or the Trustee or any other party to the Transaction Documents (as defined below). Neither the Master Servicer or, as applicable, the Special Servicer, or the Controlling Party Representative will have any liability to the Issuer, the 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 documents listed under paragraph 7 of "*General Information*" (the "**Transaction Documents**"), unless such failure by the Issuer results from a failure by the Master Servicer or the Special Servicer, as the case may be, to perform its obligations under the Servicing Agreement.

The Master Servicer and/or the Special Servicer and/or the Controlling Party 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 the Master Servicer, the Special Servicer or the Controlling Party Representative, as applicable.

In assessing whether actions of the Master Servicer and/or Special Servicer were consistent with the Servicing Standard, no account will be taken of any such interest of the Master Servicer and/or the Special Servicer in the Notes.

THE LIQUIDITY FACILITY AND THE SWAP AGREEMENT

The Liquidity Facility

General. To address the risk of the Borrower failing to make interest payments under the Mortgage Loan when due, the Issuer will, on or about the Issue Date, enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**") with the Liquidity Provider and the Trustee whereby the Liquidity Provider will make a committed 364-day revolving liquidity facility of up to an initial principal amount of SEK298,000,000 available to the Issuer from the Issue Date (the "**Liquidity Facility**"), 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 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 prior to the service of a Note Enforcement Notice, the Cash Manager will determine whether Interest Collections (excluding amounts drawn under the Liquidity Facility) will be sufficient to pay interest on the Class G Notes and amounts ranking in priority thereto (other than interest on the Class X Notes) under the Interest Priority of Payments on the next following Payment Date. If such amounts are insufficient (the amount of such deficiency being an "**Income Deficiency**"), the Cash Manager will, subject to the limits described below, make a drawing (an "**Income Deficiency Drawing**") under the Liquidity Facility Agreement in an amount equal to the Kronor (Euro) Equivalent of such deficiency, which will be credited to the Kronor Transaction Account and will be applied by the Issuer on the Payment Date following such Determination Date in accordance with the Interest Priority of Payments.

"**Kronor (Euro) Equivalent**" means, with respect to an amount in Euro, that amount converted into Kronor at the rate of 9.24 Kronor: 1 Euro.

Notwithstanding the foregoing, the maximum amount that can be outstanding at any one time under the Liquidity Facility in relation to payments of interest on (a) the Class F Notes will be limited to 5% of the total commitment under the Liquidity Facility (the "**Class F Liquidity Cap**") and (b) the Class G Notes will be limited to 7.5% of the total commitment under the Liquidity Facility (the "**Class G Liquidity Cap**").

The maximum principal amount available under the Liquidity Facility will be decreased on each Payment Date to an amount equal to the greater of:

(a) SEK35,000,000; and

(b) 7% of the Kronor (Euro) Equivalent of the aggregate Principal Amount Outstanding on the Notes.

In addition, if any Property 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.

All payments due to the Liquidity Provider under the Liquidity Facility Agreement (other than in respect of Subordinated Liquidity Amounts) will rank in point of priority ahead of payments of interest on the Notes. Amounts drawn by the Issuer pursuant to the terms of the Liquidity Facility Agreement will be repayable to the Liquidity Provider (together with, *inter alia*, any interest thereon) on the next subsequent Payment Date in accordance with the relevant Priority of Payments.

Renewal of Facility. The Liquidity Facility Agreement may be renewed until the earlier of: (a) the date upon which no amounts remaining outstanding on the Notes and (b) the Maturity Date. The Liquidity Facility Agreement will provide that if, at any time:

(a) the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Provider falls below the lesser of (i) "A-1+" (or its equivalent) by S&P or "F1+" (or its equivalent) by Fitch and (ii) the short term

equivalent of the ratings then assigned to the most senior class of Notes then outstanding; or

(b) the Liquidity Provider refuses to extend the commitment period of the Liquidity Facility Agreement,

then the Issuer will require the Liquidity Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement into the Stand-by Account (the "**Stand-by Liquidity Loan**"). Amounts standing to the credit of the Stand-by Account will be available to the Issuer for the purposes of satisfying Income Deficiencies in the manner described in "*—Drawings*" above, and otherwise in the circumstances provided in the Liquidity Facility Agreement. Amounts standing to the credit of the Stand-by Account will be payable directly to the Liquidity Provider upon the service of a Note Enforcement Notice and will not be available for distribution to Noteholders.

The Swap Agreement

Swap Agreement. On or about the Issue Date, the Issuer will enter into an ISDA master agreement, schedule and confirmation with the Swap Provider (such master agreement, schedule and confirmation (and, if applicable any collateral agreement is put into place following a Swap Agreement Downgrade Event, as more fully described below) being referred to, together, as the "**Swap Agreement**") in order to hedge the foreign exchange risk between Kronor and Euro, and the interest rate risk between STIBOR and EURIBOR (determined in respect of any Payment Date).

Pursuant to the Swap Agreement:

(i) on each Payment Date, (a) the Issuer will pay to the Swap Provider an amount in Kronor based on STIBOR plus 1.89% applied to the Kronor Notional Amount for the relevant calculation period and (b) the Swap Provider will pay to the Issuer an amount based on EURIBOR plus 1.70% applied to the Euro (SEK) Equivalent of the Kronor Notional Amount for that calculation period;

(ii) on each Payment Date, (a) the Issuer will pay to the Swap Provider an amount in Kronor equal to the amount of principal of the Mortgage Loan repaid since the last Payment Date and (b) the Swap Provider will pay to the Issuer the Euro (SEK) Equivalent of that Kronor amount; and

(iii) on Swap Final Exchange Date, (a) the Issuer will pay to the Swap Provider an amount equal to the Kronor Notional Amount and (b) the Swap Provider will pay to the Issuer an amount equal to the Euro (SEK) Equivalent of that Kronor Notional Amount.

If the amount of interest received by the Issuer under the Mortgage Loan Agreement on any Payment Date is less than the corresponding Kronor payment due from the Issuer to the Swap Provider, the shortfall will be deferred (and a corresponding portion of the Euro payment due from the Swap Provider will also be deferred).

"**Euro (SEK) Equivalent**" means Kronor converted into Euro at the rate of 9.24:1.

"**Kronor Notional Amount**" means initially SEK4,731,550,000 (being the principal amount of the Mortgage Loan at the Issue Date) reducing on each Payment Date by an amount equal to repayments of principal on the Mortgage Loan since the previous Payment Date.

"**Swap Final Exchange Date**" means 7 November 2011, unless the Loan Maturity Date is extended to 7 November 2010, in which case the Swap Final Exchange Date will be 7 November 2012.

Additional terms of the Swap Agreement

Termination. The Swap Agreement may be terminated in accordance with certain termination events and events of default.

Tax Provision. All payments made by each party under the Swap Agreement are to be made without deduction or withholding for or on account of any tax unless such deduction or withholding is required by applicable law (as modified by the practice of any relevant governmental tax authority).

If the Swap Provider is required to make such a deduction or withholding from any payment to be made by it under the Swap Agreement, the Swap Provider will pay to the Issuer such additional amount as is necessary to ensure that, after such deduction or withholding is made, the amount received by the Issuer is equal to the amount which it would have received had such withholding or deduction not been required.

If the Issuer is required to make such a deduction or withholding from any payment to be made by it under the Swap Agreement, it will not be obliged to make any additional payment to the Swap Provider.

The Swap Agreement will provide that if the Issuer or the Swap Provider is required to make a deduction or withholding for or on account of tax from any payment, the Swap Provider will use reasonable endeavours to transfer its rights and obligations under the Swap Agreement to another of its offices or affiliates or a suitably rated third party that is located in a jurisdiction such that payments made by and to that office, affiliate or third party (as the case may be) under the Swap Agreement can be made without any deduction or withholding for or on account of tax.

Swap Agreement Downgrade Event. Pursuant to the terms of each Swap Agreement, the Swap Provider has agreed, in the event of a downgrade by S&P of its long term unsecured, unsubordinated debt obligations to below "AA-", or the long term unsecured, unsubordinated debt obligations of Goldman Group are downgraded below "AA-" by Fitch and at the same time, or subsequent to such downgrade by Fitch, the counterparty risk rating of the Swap Provider is downgraded below "AA-" by S&P or the long term unsecured, unsubordinated debt obligtations of the Swap Provider are downgraded below "A3" by Moody's), then the Swap Provider will (subject to the terms of the Swap Agreement):

(a) enter into a collateral agreement;

(b) provide a third party guarantee meeting certain required rating thresholds;

(c) transfer its rights and obligations under the Swap Agreement to a replacement third party meeting certain required rating thresholds; or

(d) take such other action as it may agree with the Rating Agencies as will result in the most senior class of Notes then outstanding, following the taking of such other action, not being rated lower than the rating of such class of Notes immediately prior to the downgrade of the Swap Provider.

Governing Law. The Swap Agreement will be governed by, and construed in accordance with, English law.

CASH MANAGEMENT

General

Pursuant to an agreement (the "**Cash Management Agreement**") to be dated on or about the Issue Date between, among others, the Issuer, the Trustee, the Cash Manager and the Issuer Operating Bank, the Issuer will appoint ABN AMRO Bank N.V. (acting through its London Branch) as the Cash Manager to provide certain cash management services on its behalf. In performing the cash management services, the Cash Manager 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 or after the service of a Note Enforcement Notice, by the Trustee, in accordance with the Cash Management Agreement.

Establishment of Accounts

ABN AMRO Bank N.V. (London Branch), in its capacity as operating bank to the Issuer under the Cash Management Agreement (the "**Issuer Operating Bank**"), is required to establish and maintain various accounts on behalf of the Issuer. These consist of:

(a) a Euro denominated account (the "**Euro Transaction Account**") into which (among other amounts) all Interest Collections and Principal Collections and Cure Payments will be deposited;

(b) an SEK denominated account (the "**Kronor Transaction Account**" and, together with the Euro Transaction Account, the "**Transaction Accounts**") into which (among other amounts) intra-Interest Period prepayments by the Borrower and Income Deficiency Drawings will be deposited;

(c) a 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 Agreement—The Liquidity Facility*"); and

(d) a Swap Collateral Cash Account and a Swap Collateral Custody Account, each of which will only be required if a collateral agreement is put into place following a Swap Agreement Downgrade Event as more fully described under "*The Liquidity Facility and the Swap Agreement—The Swap Agreement*". Cash and other assets transferred as collateral will only be available to be applied in returning collateral (and income thereon) to, or in satisfaction of amounts owing by, the Swap Provider in accordance with the Swap Agreement.

Each of the above accounts (together, the "**Issuer Accounts**") will initially be maintained by the Issuer Operating Bank acting through its London branch at 82 Bishopsgate, London EC2N 4BN and the Issuer Operating Bank has agreed to comply with all directions of the Cash Manager in respect of the Issuer Accounts.

In addition, the Dutch Account Bank will establish and maintain a Euro denominated account (the "**Issuer Dutch Account**") into which, *inter alia*, the minimum paid up share capital of the Issuer has been deposited.

After the service of a Note Enforcement Notice, the Trustee shall effect payments from the Transaction Accounts, the Stand-by Account, the Swap Collateral Cash Account and the Swap Collateral Custody Account in accordance with the terms of the relevant bank mandates. Funds will be applied by the Cash Manager from the Issuer Accounts in accordance with the Deed of Charge and the Cash Management Agreement. The Issuer Operating Bank is required to have a short-term rating of at least "A-1+" from S&P and "F1+" from Fitch.

Investment of Funds

The funds held in the Transaction Accounts may be held as cash or invested in Eligible Investments.

Any Eligible Investments will be charged by the Issuer in favour of the Trustee (on behalf of itself and the other Secured Creditors) pursuant to the terms of the Deed of Charge.

"**Eligible Investments**" means:

(i) Euro (or Kronor, as the case may be) denominated government securities; or

(ii) Euro (or Kronor, as the case may be) demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper), provided that in all cases such investments will mature at least one business day prior to the next 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" and "F-1+" by the Rating Agencies, or is otherwise acceptable to the Rating Agencies if the deposits are to be held in such account 30 days or more and the short-term debt obligations of which have a short-term rating of not less than "A-1+" from S&P, if the deposits are to be held in such account for less than 30 days or such other account or accounts with respect to which each of the Rating Agencies shall have confirmed in writing that the then current rating assigned to any of the Notes that are currently being rated by such Rating Agency will not be qualified, down-granted or withdrawn by reason thereof.

Interest earned on the Swap Collateral Cash Account and distributions on investments held in the Swap Collateral Custody Account will be paid to the Swap Provider pursuant to the terms of the Swap Agreement and will not form part of Interest Collections or Principal Collections.

Any interest or other income earned on funds in the Transaction Accounts during an Interest Period (after being swapped into Euro, as necessary) will form part of the Interest Collections for the next following Payment Date and be distributed along with other Interest Collections in accordance with the terms of the Deed of Charge and the relevant Priority of Payments.

Calculations of the Cash Manager

Based on certain calculations made by the Master Servicer (as described under "*Servicing of the Mortgage Loan—Calculations by the Servicer and the Special Servicer*" above) and on other information provided to it by, *inter alios*, the Master Servicer, on each Determination Date the Cash Manager will determine the following in relation to the Notes:

(a) the Principal Amount Outstanding of each class of Notes;

(b) 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;

(c) the amount of Interest Collections and Principal Collections available for distribution by the Issuer on the next following Payment Date;

(d) the amount of any drawing which the Issuer will be required to make under the Liquidity Facility Agreement;

(e) the amounts to be swapped pursuant to the Swap Agreement on the forthcoming Payment Date.

On each Determination Date the Cash Manager will:

(a) notify the Swap Provider of the amount to swapped on the next Payment Date; and

(b) (if the Issuer is required and entitled to make an Income Deficiency Drawing) submit a notice of drawdown for the appropriate amount to the Liquidity Provider.

Payments from the Transaction Accounts

The Cash Manager will, pursuant to the terms of the Cash Management Agreement, make the following payments on behalf of the Issuer from the Transaction Accounts and any other applicable Issuer Account:

(a) on each Payment Date, the payments required to be paid by the Issuer in accordance with the Conditions and the Deed of Charge, as described under "*Application of Funds*" below;

(b) on each Business Day on which they arise, all Priority Amounts required to be paid by the Issuer; and

(c) on the relevant Payment Date, all payments required to carry out an optional redemption of the Notes pursuant to Condition 6(c)(*Optional Redemption for Tax or Other Reasons*), Condition 6(d)(*Optional Redemption in Full*) or Condition 6(e)(*Optional Redemption in Full—Swap Agreement*), in each case according to the provisions of the relevant Condition.

Costs and Expenses of Cash Manager and Issuer Operating Bank

On each Payment Date, the Issuer will, in accordance with the relevant Priority of Payments, reimburse the Cash Manager and the Issuer Operating Bank for all out-of-pocket costs and expenses properly incurred by the Cash Manager and the Issuer Operating Bank in the performance of their obligations. The Trustee may make such arrangements for the remuneration of any successor cash manager as it and such successor cash manager shall agree. Amounts due to the Cash Manager and the Issuer Operating Bank will be payable in priority to the Notes.

Termination of Appointment of the Cash Manager

The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' prior written notice or immediately upon the occurrence of certain specified termination events. These include:

(a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer;

(b) a default in the performance of any of its other duties in accordance with and pursuant to the terms of the Cash Management Agreement which continues unremedied for 15 Business Days after the earlier of the Cash Manager becoming aware of such default or receipt by the Cash Manager of a written notice from the Trustee requiring the same to be remedied; or

(c) the occurrence of an insolvency related event in relation to the Cash Manager.

The Cash Manager may resign as Cash Manager upon giving not less than ninety (90) days prior written notice of resignation to various parties, including the Master Servicer, the Issuer and the Trustee.

No termination of the Cash Manager's appointment, for whatever reason, will take effect until such time as a suitable successor has been appointed.

Termination of Appointment of the Issuer Operating 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 or "F1+" by Fitch (the "**Issuer Operating Bank Required Rating**"), the Issuer Accounts are required to be transferred to another bank that has the Issuer Operating Bank Required Rating (subject to the entering into of

arrangements on similar terms to those contained in the Cash Management Agreement). If at the time when a transfer of the accounts would otherwise have to be made there is no other bank that has an Issuer Operating Bank Required Rating or if no bank that has an Issuer Operating Bank Required Rating agrees to accept the Issuer Accounts, the Issuer Accounts need not be transferred until such time as there is a bank which has an Issuer Operating Bank Required Rating and which agrees to the transfer. If the Cash Manager wishes to change the bank or branch at which any of the Issuer Accounts is maintained for any other reason, it is required to obtain the prior written consent of the Issuer and the Trustee.

APPLICATION OF FUNDS

The Issuer's ability to pay interest on the Notes on any Payment Date will depend primarily upon the amount of Interest Collections then available for distribution to the Noteholders in accordance with the relevant Priority of Payments and (in respect of the Regular Notes) the Issuer's ability to draw amounts under the Liquidity Facility Agreement on that Payment Date. The Issuer's ability to repay principal on the Notes on any Payment Date will depend upon the amount of Principal Collections then available for distribution to the Noteholders in accordance with the Conditions and the relevant Priority of Payments.

The Issuer will not be required to accumulate surplus assets as security for any future payment of interest or repayment of principal on the Notes. Any temporary liquidity surpluses in the Transaction Accounts will be invested in Eligible Investments.

Interest Priority of Payments

Interest Swap Amounts

On each Payment Date prior to the termination of the Swap Agreement, the Issuer will pay all interest (other than any amounts paid by the Borrower on the immediately preceding Loan Payment Date in respect of interest which had been due but had not been paid on any previous Loan Payment Date and in respect of which an Interest Cure Payment had been made ("**Interest Cure Repayment Amounts**")) which it received on the Mortgage Loan since the immediately preceding Payment Date together with any drawings on the Liquidity Facility and any Interest Cure Payments received during the most recently completed Interest Period (together, "**Interest Swap Amounts**") to the Swap Provider under the Swap Agreement and, after the termination of the Swap Agreement, the Issuer will swap the Interest Swap Amounts into Euro at the then prevailing spot market rate.

Additional Swap Amounts

On each Payment Date, the Issuer will swap all non-Euro denominated amounts (excluding Interest Swap Amounts, Principal Swap Amounts and extension and prepayment fees (if any) paid by the Obligors under the Mortgage Loan Agreement) received during the most recently completed Interest Period (the "**Additional Swap Amounts**") into Euro at the then prevailing spot market rate.

Additional Swap Amounts include:

(i) Interest Cure Repayment Amounts;

(ii) Principal Cure Repayment Amounts;

(iii) Kronor or USD-denominated interest paid on the Transaction Accounts and the Stand-by Account; and

(iv) Kronor or USD-denominated interest paid on Eligible Investments.

Interest Collections

The Issuer will apply the following amounts (the "**Interest Collections**") in accordance with the Interest Priority of Payments on each Payment Date prior to the service of a Note Enforcement Notice:

(a) all amounts paid by the Swap Provider under the Swap Agreement in respect of the Interest Swap Amounts (or, following termination of the Swap Agreement, by the relevant swap counterparty in the spot market) in respect of Interest Swap Amounts;

(b) all Euro-denominated swap proceeds of the Additional Swap Amounts (other than Principal Cure Repayment Amounts);

(c) any Euro-denominated interest paid on the Transaction Accounts; and

(d) any Euro-denominated interest paid on Eligible Investments,

which, in each case, have been received by the Issuer during the most recently completed Interest Period.

Allocation of Interest Collections Prior to Monetary Default

On each Payment Date, provided that no Monetary Default has occurred and remains unremedied under the Mortgage Loan Agreement, the Issuer will apply all Interest Collections as follows:

(i) *first*, to pay certain fees and expenses, as set out below under "*—Senior Amounts*";

(ii) *second*, to pay *pro rata* and *pari passu* (a) the aggregate of all accrued but unpaid interest on the Notes (b) the aggregate of all accrued but unpaid interest on the Junior Loan and (c) any amounts payable to the Junior Lender in respect of Interest Cure Payments;

(iii) *third*, *pro rata* and *pari passu*, in payment of the Subordinated Swap Amounts and the Subordinated Liquidity Amounts; and

(iv) *fourth*, to the Originator in an amount equal to the Deferred Consideration.

Amounts payable to the Noteholders will be allocated to the holders of each Class of Notes in accordance with the priority of payments set out under "*—Allocation among Note Classes*", below.

Allocation of Interest Collections Following Monetary Default

On each Payment Date, if the Borrower fails to pay any amount when due and payable under the Mortgage Loan Agreement and such failure to pay constitutes an Event of Default under the Mortgage Loan Agreement (a "**Monetary Default**"), and such default has not been cured by the Junior Lender (as described under "*The Mortgage Loan—Junior Loan Agreement—Cure Payments*") or otherwise remedied or, the Issuer will apply all Interest Collections in the following order of priority:

(i) *first*, to pay certain fees and expenses, as set out under "*—Senior Amounts*" below;

(ii) *second*, to the Noteholders, an amount equal to the aggregate of all accrued but unpaid interest on the Notes (other than the Class F Notes and the Class G Notes) and all unpaid interest accrued on the Class F Notes and the Class G Notes during the most recently completed Interest Period;

(iii) *third*, to the Junior Lender, all amounts then payable under the Junior Loan Agreement in respect of interest and Interest Cure Payments;

(iv) *fourth*, *pro rata* and *pari passu*, in payment of any Subordinated Swap Amounts and Subordinated Liquidity Amounts; and

(v) *fifth*, to the Originator, in an amount equal to the Deferred Consideration.

Amounts payable to the Noteholders will be allocated to the holders of each Class of Notes in accordance with the priority of payments set out under "*—Allocation among Note Classes*", below.

Senior Amounts

On each Payment Date prior to delivery of a Note Enforcement Notice, Interest Collections will be applied to pay the following amounts (collectively, the "**Senior Amounts**") prior to making payments in respect of interest on the Notes and the Junior Loan, as follows:

(i) *first*, in payment of all Priority Amounts then due and payable and in making provision for any Priority Amounts expected to become due and payable in the immediately forthcoming Interest Period;

(ii) *second*, in payment of any amounts due and payable by the Issuer to the Trustee and any Receiver, in accordance with and pursuant to the terms of the Transaction Documents;

(iii) *third*, *pro rata* and *pari passu*, in payment of all fees, costs and expenses then due to the Cash Manager under the Cash Management Agreement, the Master Servicer and the Special Servicer (excluding amounts in respect of Workout Fee and Liquidation Fee) under the Servicing Agreement, the Agents under the Agency Agreement, the Issuer Operating Bank under the Cash Management Agreement, the Liquidity Provider (excluding interest and principal in respect of Income Deficiency Drawings and Subordinated Liquidity Amounts) under the Liquidity Facility Agreement and the Custodian under the Custody Agreement;

(iv) *fourth*, to the extent not paid pursuant to paragraph (iii) above, in payment of all interest, principal, and other amounts (excluding Subordinated Liquidity Amounts) then due and payable to the Liquidity Provider under the Liquidity Facility Agreement; and

(v) *fifth*, in payment, *pro rata* and *pari passu*, of any amounts (other than Interest Swap Amounts, Principal Swap Amounts, payments in respect of swap collateral and Subordinated Swap Amounts) due and payable to the Swap Provider under the Swap Agreement.

"**Priority Amounts**" means: (i) the amount to be deposited into the Issuer Dutch Account as required to be retained by the Issuer as minimum profit pursuant to an agreement with the Dutch tax authorities obtained on behalf of the Issuer, (ii) the amount of taxes owing by Issuer to any tax authority in respect of the most recently completed Interest Period (excluding Dutch corporate income tax payable in relation to the amounts referred to in (i) above, if any) and (iii) any amounts due and payable by the Issuer in the course of its business, consisting of sums due to third parties (other than the Secured Creditors) including all costs, expenses, fees and indemnity claims due and payable by the Issuer to any enforcement official appointed in respect of the Mortgage Loan or the Asset Security, to the extent not previously paid.

Allocation among Note Classes

On each Payment Date prior to the service of a Note Enforcement Notice, Interest Collections allocated to the Noteholders in accordance with the priorities listed above under "*—Allocation of Interest Collections Prior to Monetary Default*" will be paid as follows:

(i) *first*, *pro rata* and *pari passu*, to pay:

(a) all interest then accrued but unpaid on the Class A Notes;

(b) all interest then accrued but unpaid on the Class X Notes;

(ii) *second*, in payment of all interest then accrued but unpaid on the Class B Notes;

(iii) *third*, in payment of all interest then accrued but unpaid on the Class C Notes;

(iv) *fourth*, in payment of all interest then accrued but unpaid on the Class D Notes;

(v) *fifth*, in payment of all interest then accrued but unpaid on the Class E Notes;

(vi) *sixth*, in payment of all interest accrued during the most recently completed Interest Period on the Class F Notes (excluding, for the avoidance of doubt, interest accrued during any other Interest Period and subject to the Class F Liquidity Cap); and

(vii) *seventh*, in payment of all interest accrued during the most recently completed Interest Period on the Class G Notes (excluding, for the avoidance of doubt, interest accrued during any other Interest Period and subject to the Class G Liquidity Cap).

The payment obligations and priorities set out under "*—Interest Priority of Payments—Interest Swap Amounts*", "*—Additional Swap Amounts*", "*—Interest Collections*"; "*—Allocation of Interest Collections Prior to Monetary Default*", "*—Allocation of Interest Collections Following*

Monetary Default", "*—Allocation among Note Classes*" are referred to in this Offering Circular, collectively, as the "**Interest Priority of Payments**".

Principal Priority of Payments

Principal Swap Amounts

On each Payment Date prior to the termination of the Swap Agreement, the Issuer will pay to the Swap Provider under the Swap Agreement all principal (other than any amounts paid by the Borrower on the immediately preceding Loan Payment Date in respect of principal which had been due but had not been repaid on any previous Loan Payment Date and in respect of which a Principal Cure Payment had been made ("**Principal Cure Repayment Amounts**")) received by the Issuer in respect of the Mortgage Loan since the immediately preceding Payment Date, together with Principal Cure Payments received from the Junior Lender on or with respect to that Payment Date ("**Principal Swap Amounts**") and, after the termination of the Swap Agreement, the Issuer will swap the Principal Swap Amounts into Euro at the then prevailing spot market rate.

The Issuer will swap any Principal Cure Repayment Amounts into Euro at the then prevailing swap market rate, as described above under "*Interest Priority of Payments—Additional Swap Amounts*".

Principal Collections

The Issuer will apply the following amounts ("**Principal Collections**") in accordance with the Principal Priority of Payments on each Payment Date prior to the service of a Note Enforcement Notice:

(a) all amounts paid by the Swap Provider under the Swap Agreement (or, following termination of the Swap Agreement, by the relevant swap counterparty in the spot market) in respect of the Principal Swap Amounts; and

(b) any Principal Cure Repayment Amounts (having been swapped into Euro at the then prevailing swap market rate, as described above under "*Interest Priority of Payments—Additional Swap Amounts*"),

which, in each case, have been received by the Issuer during the most recently completed Interest Period. See "*Application of Funds*".

Allocations of Principal Collections Prior to Monetary Default

On each Payment Date prior to the service of a Note Enforcement Notice, provided that no Monetary Default has occurred and remains unremedied under the Mortgage Loan Agreement (or uncured by the Junior Lender as described under "*The Mortgage Loan—Junior Loan Agreement—Cure Payments*"), the Issuer will apply all Principal Collections in the following order of priority:

(i) *first*, to pay all Workout Fees and Liquidation Fees then due to the Special Servicer in accordance with the Special Servicing Agreement; and

(ii) *second, pari passu* (a) to repay principal on the Notes (excluding the Class X Notes, unless principal is then repayable thereon), (b) to repay principal on the Junior Loan and (c) to repay any amount payable to the Junior Lender in respect of Principal Cure Payments, *pro rata* in accordance with the respective amounts owing thereto. Amounts payable to the Noteholders will be allocated to the holders of each Class of Notes in accordance with the relevant priority of payments set out below under "*—Pro Rata Allocation of Principal Collections among Note Classes* " and "*—Sequential Allocation of Principal Collections among Note Classes*".

Allocation of Principal Collections Following Monetary Default

On each Payment Date prior to the service of a Note Enforcement Notice, following the occurrence of a Monetary Default and for so long as such default is unremedied under the Mortgage

Loan Agreement (or uncured by the Junior Lender as described under "*The Mortgage Loan—Junior Loan Agreement—Cure Payments*"), the Issuer will apply all Principal Collections in the following order of priority:

(i) *first*, to pay all Workout Fees and Liquidation Fees then due to the Special Servicer in accordance with the Special Servicing Agreement;

(ii) *second*, to the Noteholders, up to the aggregate outstanding principal amount of the Notes (excluding the Class X Notes, unless principal is then repayable thereon); and

(iii) *third*, to the Junior Lender, up to the outstanding principal amount of the Junior Loan and any amounts due to the Junior Lender in respect of Principal Cure Payments.

Amounts allocated to the Noteholders will be repaid to the holders of each Class of Notes in accordance with the priority of payments set out below under "*—Pro Rata Allocation of Principal Collections among Note Classes*" and "*—Sequential Allocation of Principal Collections among Note Classes*".

Pro Rata Allocation of Principal Collections among Note Classes

On each Payment Date prior to the service of a Note Enforcement Notice, provided (a) there has been no Principal Loss Event and (b) the Notes have an aggregate principal amount outstanding of greater than 50% of their initial aggregate principal amount and (c) no Monetary Default has occurred and is continuing, the portion of the Principal Collections allocated to the Noteholders in accordance with the priorities listed above under "*—Allocations of Principal Collections Prior to Monetary Default*" will be applied to the repayment of principal on each class of Notes *pari passu* and *pro rata* in accordance with the Principal Amount Outstanding of each such class; provided that Principal Collections which arise from the Disposal of the Arenan 2 Property will be allocated *pari passu* and *pro rata* on each class of Notes if the conditions referred to in paragraphs (a) and (c) above are satisfied, notwithstanding the then principal amount outstanding of the Notes.

"**Principal Loss Event**" means

(a) the Disposal of a Property for Net Disposal Proceeds of less than the Loan Allocation of that Property;

(b) the total or partial loss of, or damage to, a building or infrastructure on a Property, unless the Obligors receive proceeds under an Insurance Policy in respect of such loss or damage equal to the lesser of:

  (i) the Loan Allocation of such Property; and

  (ii) the amount required to enable the Obligors to fully reinstate or replace such buildings or infrastructure to their condition immediately prior to such loss or damage;

(c) a Property or a Property Company which owns one or more Properties ceases to be wholly owned by an Obligor, unless the Obligors have received payment (equal to not less than the Loan Allocation of the relevant Properties) in respect of that loss of ownership; or

(d) any event which, in the judgment of the Master Servicer, or the Special Servicer, as the case may be, in each case acting in its sole discretion and in accordance with the Servicing Standard, permanently impairs the ability of the Obligors to repay the Mortgage Loan in full by the Loan Maturity Date and/or to pay any other amount under the Mortgage Agreement when the same becomes due and payable.

Sequential Allocation of Principal Collections among Note Classes

On each Payment Date prior to the service of a Note Enforcement Notice, if (a) a Principal Loss Event has occurred or (b) the Notes have an aggregate principal amount outstanding equal to or less than 50% of their initial aggregate principal amount or (c) a Monetary Default has occurred and is continuing, Principal Collections as allocated to the Noteholders in accordance with the priorities listed above under "*—Allocations of Principal Collections Following Monetary Default*" will be paid as follows:

(i) *first*, *pro rata* and *pari passu*, to repay:

(a) principal on the Class A Notes until all of the Class A Notes have been redeemed in full; and

(b) if principal on the Class X Notes is then repayable in accordance with the Conditions, principal on the Class X Notes until all of the Class X Notes have been redeemed in full;

(ii) *second*, to the Class B Notes until all of the Class B Notes have been redeemed in full;

(iii) *third*, to the Class C Notes until all of the Class C Notes have been redeemed in full;

(iv) *fourth*, to the Class D Notes until all of the Class D Notes have been redeemed in full;

(v) *fifth*, to the Class E Notes until all of the Class E Notes have been redeemed in full;

(vi) *sixth*, to the Class F Notes until all of the Class F Notes have been redeemed in full; and

(vii) *seventh*, to the Class G Notes until all of the Class G Notes have been redeemed in full;

provided that Principal Collections which arise from the Disposal of the Arenan 2 Property will be allocated *pari passu* and *pro rata* on each class of Notes as provided in "*— Pro Rata Allocation of Principal Collections among Note Classes*" above, notwithstanding the then principal amount outstanding of the Notes, unless any of the conditions referred to in paragraphs (a) or (c) above are satisfied.

The payment obligations and priorities set out in "*Principal Priority of Payments—Principal Swap Amounts*", "*—Principal Collections*", "*—Allocations of Principal Collections Prior to Monetary Default*", "*—Allocations of Principal Collections Following Monetary Default*", "*—Pro Rata Allocation of Principal Collections among Note Classes*" and "*—Sequential Allocation of Principal Collections among Note Classes*" are referred to in this Offering Circular, collectively, as the "**Principal Priority of Payments**".

Post-Enforcement Priority of Payments

After the service of a Note Enforcement Notice, the Trustee will apply all amounts then available for distribution under the Deed of Charge (after swapping Kronor into Euro, as necessary, at the prevailing spot market rate) in the following order of priority:

(a) *first*, in or towards payment of the following amounts in the following order of priority:

(i) *first*, in payment of all Priority Amounts then due and payable and in making provision for any Priority Amounts expected to become due and payable in the immediately forthcoming Interest Period;

(ii) *second*, in payment of any amounts due and payable by the Issuer to the Trustee and any Receiver, in accordance with and pursuant to the terms of the Transaction Documents;

(iii) *third*, *pro rata* and *pari passu*, in payment of all fees, costs and expenses then due to the Cash Manager under the Cash Management Agreement, the Master Servicer and the Special Servicer (excluding amounts in respect of Workout Fee and Liquidation Fee) under the Servicing Agreement, the Agents under the Agency Agreement, the Issuer Operating Bank under the Cash Management Agreement, the Liquidity Provider (excluding interest and principal in respect of Income Deficiency Drawings and Subordinated Liquidity Amounts) under the Liquidity Facility Agreement and the Custodian under the Custody Agreement;

(iv) *fourth*, to the extent not paid pursuant to Paragraph (iii) above, in payment of all interest, principal, and other amounts (excluding Subordinated Liquidity Amounts) then due and payable to the Liquidity Provider under the Liquidity Facility Agreement; and

(v) *fifth*, to pay, *pro rata* and *pari passu*, any amounts (other than Interest Swap Amounts, Principal Swap Amounts, payments in respect of swap collateral and Subordinated Swap Amounts) due and payable to the Swap Provider under the Swap Agreement; and

(vi) *sixth*, in payment of all Workout Fees and Liquidation Fees then due to the Special Servicer in accordance with the Servicing Agreement;

(b) *second*, in or towards payment of:

(i) on a *pari passu* and *pro rata* basis, interest accrued but unpaid on the Class A Notes and the Class X Notes; and

(ii) after payment of all such sums referred to in paragraph (b)(i) above, on a *pro rata* and *pari passu* basis all amounts of principal outstanding on the Class A Notes until all of the Class A Notes have been redeemed in full and the Class X Notes until all the Class X Notes have been redeemed in full;

(c) *third*, in or towards payment of:

(i) interest accrued but unpaid on the Class B Notes; and

(ii) after payment of all such sums referred to in paragraph (c)(i) above, all amounts of principal outstanding on the Class B Notes until all of the Class B Notes have been redeemed in full;

(d) *fourth*, in or towards payment of:

(i) interest accrued but unpaid on the Class C Notes; and

(ii) after payment of all such sums referred to in paragraph (d)(i) above, all amounts of principal outstanding on the Class C Notes until all of the Class C Notes have been redeemed in full;

(e) *fifth*, in or towards payment of:

(i) interest accrued but unpaid on the Class D Notes; and

(ii) after payment of all such sums referred to in paragraph (e)(i) above, all amounts of principal outstanding on the Class D Notes until all of the Class D Notes have been redeemed in full;

(f) *sixth*, in or towards payment of:

(i) interest accrued but unpaid on the Class E Notes; and

(ii) after payment of all such sums referred to in paragraph (f)(i) above, all amounts of principal outstanding on the Class E Notes until all of the Class E Notes have been redeemed in full;

(g) *seventh*, in or towards payment of:

(i) interest accrued but unpaid on the Class F Notes; and

(ii) after payment of all such sums referred to in paragraph (g)(i) above, all amounts of principal outstanding on the Class F Notes until all of the Class F Notes have been redeemed in full;

(h) *eighth*, in or towards payment of:

(i) interest accrued but unpaid on the Class G Notes; and

(ii) after payment of all such sums referred to in paragraph (h)(i) above, all amounts of principal outstanding on the Class G Notes until all of the Class G Notes have been redeemed in full;

(i) *ninth*, in or towards payment of:

(i) all accrued but unpaid interest, fees and other amounts (other than principal) due under the Junior Loan Agreement; and

(ii) after payment of all such sums referred to in paragraph (i)(i) above, all amounts of principal outstanding on the Junior Loan;

(j) *tenth*, in payment of any Subordinated Swap Amounts and Subordinated Liquidity Amounts *pari passu* and *pro rata*; and

(k) *eleventh*, in payment of all amounts of Deferred Consideration payable to the Originator

(the "**Post-Enforcement Priority of Payments**" and, together with the Interest Priority of Payments and the Principal Priority of Payments, the "**Priorities of Payments**").

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*". 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 located outside the United States, 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 Agency Agreement, 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 €500,000 (or €10,000 in the case of the Class X Notes), (iii) such transfer is made in reliance on Rule 144A, and (iv) the transferor provides the Trustee with a written certification substantially in the form set out in the Agency Agreement. 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 made in an offshore transaction in reliance on Regulation S and the transferor provides the Trustee with a written certification substantially in the form set out in the Agency Agreement.

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 be an interest in such Regulation S Global Certificate and become 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 be an interest in a Rule 144A Global Certificate and become 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 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 certificated Notes. 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 Offering Circular. 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 such Notes are listed on the Luxembourg Stock Exchange, such notice is also published in a daily leading newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) and The Financial Times or, if either of such newspapers shall cease to be published or timely publication therein is not practicable, in such English language newspaper or newspapers as the 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 €500,000 (or €10,000 in the case of the Class X Notes) in principal amount of Notes for which the relevant Global Certificate may be exchanged.

Trustee's Powers. In considering the interests of Noteholders while the Notes are held in a global form (the "**Global Notes**") on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Note and may consider such interests as if such account holders where the holders of any Global Note.

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 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

(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 that 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 (in addition to providing such indemnity as the Registrar or any relevant 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 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 "*Application of Funds*" 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 any 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 "*Application of Funds*" 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; and with Dutch Banking and Securities regulations.

Reports to Noteholders; Available Information

Noteholder Reports. Based solely on information provided in reports prepared by the Master Servicer and, as applicable, the Special Servicer, and delivered to the Cash Manager, the Cash Manager will be required to provide or otherwise make available as described under "*—Information Available Electronically*" below, on each Payment Date, to, *inter alia*, the Trustee, the Master Servicer (as applicable) and the Special Servicer, for the benefit of and on behalf of the Noteholders:

- a payment date statement; and
- a CMSA Mortgage Loan Periodic Update File; CMSA Property File; a CMSA Bond Level File; a CMSA Financial File; a CMSA Collateral Summary File; a CMSA Delinquent Mortgage Loan Status Report; a CMSA Historical Mortgage Loan Modification Report; a CMSA Historical Liquidation Report; a CMSA Comparative Financial Status Report; and a CMSA Servicer Watch List, (each as defined in the Master Definitions Schedule) setting forth information with respect to the Mortgage Loan and the Properties, respectively, each in the then most current form approved by the Commercial Mortgage Securities Association ("**CMSA**").

The Master Servicer and, as applicable, the Special Servicer, as specified in the Servicing Agreement, is required to deliver to the Cash Manager and the Trustee on each Determination Date, and the Cash Manager is required to make available as described below under "*—Information Available Electronically*", a copy of each of the following reports with respect to the Mortgage Loan and the Properties:

- a CMSA Mortgage Loan Periodic Update File;
- a CMSA Property File;
- a CMSA Bond Level File;
- a CMSA Financial File;
- a CMSA Collateral Summary File;
- a CMSA Delinquent Mortgage Loan Status Report;
- a CMSA Historical Mortgage Loan Modification Report;
- a CMSA Historical Liquidation Report;
- a CMSA Comparative Financial Status Report; and
- a CMSA Servicer Watch List.

The reports identified in the preceding two paragraphs will be in the forms prescribed in the standard CMSA investor reporting package (as it or each such report may have been modified as contemplated above). The Master Servicer and, as applicable, the Special 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 loan-level operating statements and rent rolls, upon request and at such Noteholder's expense from the Trustee.

Information Available Electronically. The Cash Manager will make available quarterly, for the relevant reporting periods, to the Trustee, on behalf of the Noteholders, and the Luxembourg Paying Agent, the reports described in the first paragraph under "*—Noteholder Reports*" above, as

well as all notices sent to Noteholders, on the Cash Manager's internet website. On the Stockholm Business Day following each Loan Payment Date, the Cash Manager will post on its website the Principal Amount Outstanding of each class of Notes, calculated as described under "*Cash Management—Calculations of the Cash Manager*". 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 Offering Circular.

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 (the Cash Manager will, however, remain responsible for the accurate reproduction and transmission of such information).

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 that 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*" above) 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 HSBC Issuer Services Common Depository Nominee (UK) Limited as nominee for, and deposited with HSBC Bank plc 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 "**DTC Custodian**") for, and registered in the name of Cede & Co. as nominee of, DTC. The DTC 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 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 in definitive form of securities. 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.

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 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 therefor on the Issue 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 Issue 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 Issue 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 denominated in Euro 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.

"**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

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 €314,640,000 Class A Commercial Mortgage-Backed Notes due 2012 (the "**Class A Notes**"), the €10,000 Class X Commercial Mortgage-Backed Notes due 2012 (the "**Class X Notes**"), the €12,500,000 Class B Commercial Mortgage-Backed Notes due 2012 (the "**Class B Notes**"), the €32,500,000 Class C Commercial Mortgage-Backed Notes due 2012 (the "**Class C Notes**"), the €32,000,000 Class D Commercial Mortgage-Backed Notes due 2012 (the "**Class D Notes**"), the €53,500,000 Class E Commercial Mortgage-Backed Notes due 2012, the €5,000,000 Class F Commercial Mortgage-Backed Notes due 2012 and the €10,000,000 Class G Commercial Mortgage-Backed Notes due 2012 (the "**Class G Notes**" and, together with the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the "**Notes**") will be issued by Windermere III CMBS B.V. (the "**Issuer**") on or about 31 March 2004 (the "**Issue Date**"). The Notes will be issued subject to the provisions of and have the benefit of a trust deed dated on or about the Issue 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 "**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 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G 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 Noteholders**", the "**Class B Noteholders**", the "**Class C Noteholders**", the "**Class D Noteholders**", the "**Class E Noteholders**" the "**Class F Noteholders**" and the "**Class G 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 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G 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 Issue Date (the "**Deed of Charge**", which expression includes such 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 Trustee. By an agency agreement dated on or about the Issue 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 Trustee, LaSalle Bank National Association as registrar (the "**Registrar**", which expression shall include any other registrar appointed in respect of the Notes), ABN AMRO Bank N.V., 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 any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**"), exchange agent (the "**Exchange Agent**", which expression shall include any other exchange agent appointed in respect of the Notes) and agent bank (the "**Agent Bank**", which expression shall include any other agent bank appointed in respect of the Notes) and ABN AMRO Bank (Luxembourg) S.A. as transfer agent (the "**Transfer Agent**", which expression shall include any other transfer agents appointed 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.

For as long as the Notes remain listed on the Luxembourg Stock Exchange, the Issuer shall maintain a Transfer Agent in Luxembourg.

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 Deed of Charge. Copies of the Trust Deed, the Agency Agreement and the Deed of Charge will be available for inspection by the Noteholders at the principal office for the time being of the Trustee, which is currently 82 Bishopsgate, London EC2N 4BN 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 and the Deed of Charge. Unless otherwise defined herein or the context requires otherwise, terms defined in the Deed of Charge shall have the same meanings when used in these Conditions.

The issue of the Notes was authorised by resolution of the board of Managing Directors of the Issuer passed on or about 26 March 2004.

1. **Global Certificates**

(a) *Rule 144A Global Certificates*

The Notes of each class 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) *Reg S Global Certificates*

The Notes of each class initially offered and sold outside the United States of America 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 HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee for, and deposited with HSBC Bank plc as common depositary for the account of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**", which term shall include any successor operator of the Euroclear System) and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**", which term shall include any successor operator of the Clearstream System).

The Rule 144A Global Certificates and the Reg 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 (as defined below) in accordance with the provisions of the Agency Agreement and the Trust Deed. The registered holder of any Note 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 it, 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 definitive Notes of the related class in registered form ("**Individual Certificates**") in an aggregate principal amount equal to the Principal Amount Outstanding of the relevant Global Certificate, 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;

(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:

(1) the book-entry interests represented by the Reg S Global Certificate of each class shall be exchanged by the Issuer for Individual Certificates ("**Reg S Individual Certificates**") of that class; and

(2) 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 Reg S Individual Certificates and the Rule 144A Individual Certificates of each class will be equal to the aggregate Principal Amount Outstanding of the Reg S Global Certificate or Rule 144A Global Certificate, as applicable, 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 (the "**Register**"). Each Individual Certificate will be serially numbered and will have an original principal amount of, in the case of 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 the Class G Notes (together the "**Regular Notes**"), €500,000 and any integral multiple of €1 in excess thereof, and in the case of the Class X Notes, €10,000. 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 €500,000 and any integral multiple of €1 in excess thereof, in the case of the Class X Notes, in the original principal amount of €10,000) upon surrender of the related Individual Certificate, at the specified office of the Registrar or 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 (as defined in Condition 7(b) (*Individual Certificates*)).

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 of Payments**

(a) *Status and relationship between the Notes*

(i) The Notes constitute direct, secured and unconditional obligations of the Issuer, are not obligations of, or guaranteed by, any other parties to the Transaction Documents and are secured by the same security. The Notes of each class rank *pari passu* without preference or priority among themselves.

(ii) As between the classes of the Notes, in the event of the Issuer Security being enforced, repayment of interest and principal on the Class A Notes and the Class X Notes will rank *pari passu*; the Class A Notes and the Class X Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes; the Class B Notes will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes; the Class C Notes will rank in priority to the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes; the Class D Notes will rank in priority to the Class E Notes, the Class F Notes and the Class G Notes; the Class E Notes will rank in priority to the Class F Notes and the Class G Notes; and the Class F Notes will rank in priority to the Class G Notes. Save as provided in Condition 6 (*Redemption and Cancellation*), prior to enforcement of the Issuer Security, payments of principal of and interest on the Class G Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes; 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 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; 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 Notes, the Class B Notes, the Class C Notes and the Class D Notes; 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 Notes, the Class B Notes and the Class C Notes; 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 Notes and the Class B Notes; and 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 Notes.

(iii) The Trust Deed contains provisions requiring the Trustee generally to have regard to the interests of the holders of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes equally as regards all powers, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any particular case to have regard only to the interests of:

(A) (for so long as there are Class A Notes or Class X Notes outstanding) the Class A Noteholders (or, if no Class A Notes are outstanding, the Class X Noteholders), if in the Trustee's sole opinion, there is a conflict between the interests of the Class A Noteholders (or, if no Class A Notes are outstanding, the Class X Noteholders) and the interests of any other class of Noteholder;

(B) (for so long as there are Class B Notes but no Class A Notes or Class X Notes outstanding) the Class B Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the Class B Noteholders and the interests of any other class of Noteholders;

(C) (for so long as there are Class C Notes but no Class A Notes, Class X Notes or Class B Notes outstanding) the Class C Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the Class C Noteholders and the interest of any other class of Noteholders;

(D) (for so long as there are Class D Notes but no Class A Notes, Class X Notes, Class B Notes or Class C Notes outstanding) the Class D Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the Class D Noteholders and the interest of any other class of Noteholders;

(E) (for so long as there are Class E Notes but no Class A Notes, Class X Notes, Class B Notes, Class C Notes or Class D Notes outstanding) the Class E Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the Class E Noteholders and the interest of any other class of Noteholders; and

(F) (for so long as there are Class F Notes but no Class A Notes, Class X Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes outstanding) the Class F Noteholders if, in the Trustee's sole opinion, there is a conflict between the interests of the Class F Noteholders and the interest of any other class of Noteholders.

The Trust Deed contains provisions limiting the powers of any class of Noteholders to, *inter alia*, request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of any class of Noteholders which is senior to such class of Noteholders. Except in certain specified circumstances, the exercise by any class of Noteholders of their powers will be binding on each class of Noteholders which is junior in priority to such class, irrespective of the effect on the interests of the holders of such junior ranking classes of Notes. The Class X Noteholders have no power to pass an Extraordinary Resolution.

(b) *Security*

The security interests granted in respect of the Notes are set out in the Deed of Charge. The Deed of Charge also contains provisions regulating the priority of application of Interest Collections, Principal Collections and other amounts received by the Issuer from time to time among the persons entitled thereto both prior to and after the service of a Note Enforcement Notice.

The Issuer Security may be enforced following the service of a Note Enforcement Notice provided that, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless:

(i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes;

(ii) the Trustee is of the opinion, which will be binding on the Noteholders (reached after considering the advice, upon which the Trustee will be entitled to rely, of such professional advisers as are selected by the Trustee in its absolute discretion), that either the cash flow prospectively receivable by the Issuer will not, or that there is a significant risk that such cash flow will not, be sufficient (having regard to any other actual, contingent or prospective liabilities of the Issuer) to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, or

(iii) the Trustee considers, in its absolute discretion, that not to effect such disposal would place the Issuer Security in jeopardy,

and, in each case, the Trustee has been indemnified and/or secured to its satisfaction.

No security has been or will be created over or in respect of the Issuer Dutch Account or the Issuer's rights in respect of the Management Agreement.

(c) *Special Servicer*

The holders of the most junior class of Regular Notes outstanding with an aggregate Principal Amount Outstanding of greater than 25% of the Principal Amount Outstanding of such class of Notes (as at the Issue Date) will at such time be the "**Controlling Party**". Upon any reduction of the aggregate Principal Amount Outstanding of such class of Notes to less than or equal to 25% of the Principal Amount Outstanding of such class of Notes (as at the Issue Date), the holders of the next most junior class of Notes then outstanding will become the Controlling Party. The Noteholders of the class of Notes constituting the then Controlling Party will, at their discretion, be entitled: (a) upon the occurrence of a Special Servicing Event, and by way of an Extraordinary Resolution passed by the holders of such class of Notes in accordance with Condition 12 (*Meetings of Noteholders, Modification and Waiver*), to appoint a third party (the "**Controlling Party Representative**") to represent their interests in the servicing of the Mortgage Loan if a Special Servicing Event has occurred and is continuing; and (b) by way of an Extraordinary Resolution passed by the holders of such class of Notes in accordance with Condition 12, to terminate the appointment of the Controlling Party Representative and to appoint a successor Controlling Party Representative. The holders of the Class X Notes may not become the Controlling Party.

Upon the appointment of a Controlling Party Representative by the Controlling Party, the Issuer, the Master Servicer, the then Special Servicer and the Trustee will be required, pursuant to the terms of the Servicing Agreement, to use all reasonable endeavours to enable the Controlling Party Representative to accede to the Servicing Agreement and thereby be bound by and have the benefit of the terms of the Servicing Agreement. Upon any change in the identity of the Controlling Party Representative, the rights and obligations of the then Controlling Party Representative under the Servicing Agreement will be terminated and, pursuant to the terms of the Servicing Agreement, the Issuer, the Master Servicer and the Trustee and the then Special Servicer will be required to use all reasonable endeavours to enable the successor Controlling Party Representative to accede to the terms of the Servicing Agreement.

Each of the following events is hereby classified as a "**Special Servicing Event**":

(i) any scheduled repayment of the Mortgage Loan (other than any final payment due and payable on such Mortgage Loan) is more than sixty (60) days delinquent;

(ii) there is a payment default on the Loan Maturity Date;

(iii) any Obligor 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 the Mortgage Loan or a material default is imminent on the Mortgage Loan and is not likely to be cured by the Borrower within sixty (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 Property or the value thereof as security for the Mortgage Loan.

The Special Servicer will be required to seek the advice of, and take directions given by the Controlling Party Representative in relation to certain matters affecting the Mortgage Loan in relation to which any of the events listed (i) to (vi) above has occurred.

In no circumstances shall the Trustee be obliged to assume the obligations of the Master Servicer or the Special Servicer.

(*d*) *Limited Recourse and Non-Petition*

Notwithstanding anything to the contrary in the Conditions, no amount shall be due or payable by the Issuer to the Trustee, the Noteholders or the other Secured Creditors of the Issuer except to the extent that the Issuer has sufficient funds to pay such amount in accordance with the relevant Priority of Payments. Save as provided below, any amount (other than in respect of interest on the Class F Notes or the Class G Notes) which is not due and payable on any Payment Date solely by virtue of the preceding sentence shall be deferred until the next following Payment Date, whereupon (and subject to the preceding sentence) such amount shall become due and payable.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne as described in the Deed of Charge. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the other Secured Creditors will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that:

(i) in the event of an enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the assets of the Issuer secured pursuant to the Deed of Charge and comprised in the Issuer Security;

(ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the Deed of Charge, and the application thereof in accordance with the Priority of Payments, and all claims in respect of any shortfall will be extinguished; and

(iii) in the event that (a) a shortfall in the amount available to pay principal of the Notes of any class exists on 26 November 2012 (the "**Maturity Date**") or on any earlier date for redemption in full of the Notes or any class of Notes after payment on the Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or *pari passu* with the Notes or the related class of Notes, and (b) the Issuer Security has not become enforceable as at the Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

None of the Noteholders, the Trustee or the Secured Creditors (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to any class of Notes, the Trust Deed, the Deed of Charge or otherwise owed to the Trustee and the Secured Creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

The Noteholders and the other Secured Creditors will have no recourse to the Issuer Dutch Account or amounts standing to the credit thereof.

(*e*) *Priority of Payments*

Prior to the service of a Note Enforcement Notice, the Issuer will apply: (i) all Interest Collections in accordance with the priority of payments set out in Schedule 2 (*Interest Priority of Payments*) of the Deed of Charge (the "**Interest Priority of Payments**") and (ii) all Principal Collections in accordance with the priority of payments set out in Schedule 3 (*Principal Priority of Payments*) of the Deed of Charge (the "**Principal Priority of Payments**"). Following the service of a Note Enforcement Notice, the Trustee will apply all amounts then available for distribution under the Deed of Charge in accordance with the priority of payments set out in Schedule 4 (*Post-Enforcement Priority of Payments*) of the Deed of Charge (the "**Post-Enforcement Priority of Payments**").

4. **Covenants**

Except with the prior written consent of the Trustee or unless otherwise provided in the Transaction Documents, the Issuer has covenanted 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 (unless arising by operation of law), hypothecation, assignation or other security interest whatsoever and howsoever described over any of its assets, present or future (including any uncalled capital);

(b) *Restrictions on Activities*

(i) engage in any activity which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment; or

(iii) amend, supplement or otherwise modify its articles of association;

(c) *Disposal of Asset*s

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 Deed of Charge and other than dividends to Stichting Windermere III CMBS;

(e) *Borrowings*

incur or permit to exist any indebtedness in respect of borrowed money, except in respect of the Notes, the Liquidity Facility and the Junior Loan or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) *Variation*

permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, the Conditions, the 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;

(h) *Bank Accounts*

have an interest in any bank account other than the Issuer Accounts and the Issuer Dutch Account, unless such account or interest therein is charged to the Trustee on terms acceptable to it (provided that no security will be created over the Issuer Dutch Account or any successor account thereto);

(i) *Assets*

own assets other than those representing its share capital, the funds arising from the issue of the Notes and the advance of the Junior Loan, 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; or

(j) "*Centre of main interest*"

move its "centre of main interest" (within the meaning of Council Regulation (EC) no. 1346/2000 on Insolvency Proceedings) outside The Netherlands or open any "centre of main interest", branch, office or permanent establishment outside The Netherlands.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient, in its absolute discretion, in the interests of the Noteholders, provided that each Rating Agency has provided written confirmation to the 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.

5. **Interest**

(a) *Period of Accrual*

Each Note will bear interest on its Principal Amount Outstanding from (and including) the Issue 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 (after as well as before any judgement) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the related amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder (either in accordance with Condition 15 (*Notice to Noteholders*) or individually) thereof that, upon presentation thereof being

duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) *Payment Dates and Interest Periods*

Interest on the Notes is payable quarterly in arrear on the fifth Business Day following each Loan Payment Date (or, if such day is not a Business Day (as defined below), on the next following Business Day) up until (and including) the Maturity Date (each a "**Payment Date**"). The first Payment Date in respect of each class of Notes will be 2 June 2004.

In these Conditions:

"**Interest Period**" means, in respect of the first Interest Period, the period from (and including) the Issue Date to (but excluding) 2 June 2004, and, in respect of any successive Interest Period, the period from (and including) a Payment Date to (but excluding) the next following Payment Date;

"**Loan Payment Date**" means the 25th day of February, May, August and November of each year, or if such day is not a weekday on which (a) banks are generally open for business in London, Stockholm and New York; (b) in relation to a date for the payment or purchase of any sum denominated in SEK, the Swedish banks are open for settlement of payment in SEK; and (c) in relation to a date for the payment or purchase of any sum denominated in euro, the Trans-European Automated Real-time Gross Settlement Express Transfer system is open for settlement of payment in euro (each a "**Stockholm Business Day**"), then the next succeeding Stockholm Business Day;

"**Business Day**" means any day on which banks are generally open for business in London and New York and the TARGET system is open for settlement of payment in Euro;

"**Euro Business Day**" means any day on which banks are generally open for business in London and the TARGET system is open for settlement of payment in Euro.

(c) *Note Rate of Interest and Calculation of Interest*

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 Notes, at the Class X Interest Rate.

The rate of interest applicable to each class of Notes (the "**Note Rate of Interest**") during each Interest Period will be determined by the Agent Bank as soon as practicable after 11.00 a.m. (Brussels) time on (i) in the case of the Regular Notes, the second Euro Business Day prior to the first day of such Interest Period (each a "**Determination Date**") and (ii) in the case of the Class X Notes, on the Determination Date that falls within that Interest Period.

"**EURIBOR**" means:

(i) the interest rate for three month Euro deposits in the Euro-zone inter-bank market (as determined on each Determination Date by the Agent Bank), which appears on Moneyline Telerate Monitor Screen No. 248 (the "**EURIBOR Screen Rate**") (or, in the case of the first Interest Period, a straight-line interpolation of one month EURIBOR and two month EURIBOR) (or such other page as may replace Moneyline Telerate Monitor Screen No. 248 on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Moneyline Telerate Monitor Screen) as of 11.00 a.m. (Brussels time) on such date; or

(ii) if the EURIBOR Screen Rate is not then available, the arithmetic mean of the rates notified to the Agent Bank at its request by four major banks in the Euro-zone interbank market (for the purposes of this Condition, the "**Reference Banks**") as the rate at which three month deposits in Euro are offered for the same period as that Interest Period by those Reference Banks to prime banks in the Euro-zone inter-bank

market at or about 11.00 a.m. (Brussels time) on that date (or, in the case of the first Interest Period, a straight-line interpolation of one month and two month deposits notified by the Reference Banks). If, on any such Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Determination Date, only one of the Reference Banks provided the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such quotations of such banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does not or do not provide such a quotation or quotations, then the rate for the relevant Interest Period shall be the arithmetic mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank at approximately 11.00 a.m. (Brussels time) on the closing date of the relevant issue of Notes or the relevant Payment Date, as the case may be, for loans in Euro to leading European banks for a period of six months or, in the case of the first Interest Period, the same as the relevant Interest Period,

provided, however, 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 will be the rate last determined in respect of a preceding Interest Period.

For the purposes of these Conditions, the "**Relevant Margin**" shall mean:

(A) 0.26% per annum, in the case of the Class A Notes;

(B) 0.33% per annum, in the case of the Class B Notes;

(C) 0.45% per annum, in the case of the Class C Notes;

(D) 0.78% per annum, in the case of the Class D Notes;

(E) 1.55% per annum, in the case of the Class E Notes;

(F) 1.90% per annum, in the case of the Class F Notes; and

(G) 2.10% per annum, in the case of the Class G Notes.

"**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 Notes, by 100.

"**Class X Interest Amount**" means, with respect to any Interest Period, the greater of (a) zero and (b) A - B, where:

"**A**" is the aggregate of all Interest Collections that will be available for application by the Issuer on the first Payment Date following the end of that Interest Period; and

"**B**" is the aggregate of (a) all Senior Amounts, (b) interest on the Regular Notes and the Junior Loan and (c) Subordinated Liquidity Amounts and Subordinated Swap Amounts which will be, in each case, payable by the Issuer on the first Payment Date following the end of that Interest Period.

No interest will be payable on the Class X Notes on any Payment Date if (a) a Note Enforcement Notice has been delivered or (b) amounts have been drawn under the Liquidity Facility to pay interest on any class of Regular Notes on that Payment Date.

There will be no minimum or maximum Note Rate of Interest.

(d) *Determination of Note Rate of Interest and Calculation of Interest Amounts for Notes*

The Agent Bank will, on or as soon as practicable after the first day of each Interest Period determine and notify the Issuer, the Trustee, the Cash Manager and the Paying Agents in writing of: (i) EURIBOR; (ii) the Note Rate of Interest applicable to each class of Notes during that Interest Period; (iii) the Class X Interest Rate and (iv) the amount (the "**Interest Amount**") that will accrue on each class of Notes during such Interest Period.

Each Interest Amount in respect of (i) the Regular Notes and any Interest Period will be calculated by applying the relevant Note Rate of Interest to the Principal Amount Outstanding of the Regular Notes of each class, multiplying the product thereof by the actual number of days in such Interest Period, dividing by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards); and (ii) the Class X Notes and any Interest Period will be calculated by applying the Class X Interest Rate to the Principal Amount Outstanding of the Class X Notes on the first day of that period.

(e) *Publication of Note Rate of Interest, Actual Interest Amounts and other Notices*

As soon as practicable after receiving notification thereof, the Issuer will cause the Note Rate of Interest and, as applicable, the Interest Amount applicable to the Notes of each class for each Interest Period and the Payment Date in respect thereof to be notified in writing to the Luxembourg 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 the 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 Trustee*

If the Agent Bank does not at any time for any reason determine the Note Rate of Interest and/or calculate, as applicable, the Interest Amount for any class of Notes in accordance with the foregoing Conditions, the Trustee will be required to: (i) determine the Note Rate of Interest for such class 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, as applicable, the Interest Amount for such class of Notes in the manner specified in Condition 5(d) (*Determination of Note Rate 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 Agent Bank or the 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 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 Agent Bank or the 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 in the Euro-zone inter-bank market for the purposes of calculating EURIBOR and an Agent Bank. The initial Reference Banks are to be the principal Euro-zone offices of four major banks in the Euro-zone inter-bank market, chosen by the Agent Bank. In the event of the principal 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 Trustee to act as such in its place.

(i) *Deferral of interest*

If the Issuer has insufficient Interest Collections on any Payment Date (other than on the Maturity Date or following a Note Enforcement Notice) to pay any amount of interest accrued on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes (but for the avoidance of doubt, not the Class F Notes or the Class G Notes) in accordance with the Priority of Payments, an amount of interest equal to such shortfall (each such amount being referred to as "**Deferred Interest**") shall be deferred in accordance with this Condition 5(i) (*Deferral of interest*). Deferred Interest on each class of Notes shall accrue interest at the then current Note Rate of Interest for that class, calculated as provided in this Condition 5(i) (*Deferral of interest*), and shall be due and payable (in whole or in part) on the next succeeding Payment Date following the date of deferral, but only to the extent that the Issuer has sufficient Interest Collections to pay such Deferred Interest on such Payment Date on the relevant class of Notes in accordance with the Priority of Payments.

For the avoidance of doubt, all interest accrued on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, and all interest accrued on the Class F Notes and the Class G Notes during the final Interest Period, shall be due and payable in full on the Maturity Date or on such earlier date as the Notes of such class are redeemed in full, as the case may be.

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 in each class at their aggregate Principal Amount Outstanding together with all accrued but unpaid interest thereon on the Payment Date which is the Maturity Date.

The Issuer may not redeem Notes in whole or in part prior to that date except as described in this Condition 6 (*Redemption and Cancellation*), but without prejudice to Condition 10 (*Issuer Events of Default*).

(b) *Mandatory Redemption in Part*

Except as provided in Conditions 6(c) (*Optional Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Optional Redemption in Full—Swap Agreement*) the Notes shall be subject to mandatory redemption in part on each Payment Date upon which the Issuer has Principal Collections available for the repayment of principal on the Notes in accordance with the relevant Priority of Payments.

(c) *Optional Redemption for Tax or Other Reasons*

If the Issuer at any time satisfies the Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the applicable tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation, in each case from that in effect on the Issue 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 (other than where the related holder or beneficial owner has some connection with the related jurisdiction other than the holding of Notes) (other than in respect of default interest), 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 applicable tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation from that in effect on the Issue Date, any amount payable by the Obligors in relation to the Mortgage Loan 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 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) (*Optional Redemption for Tax or Other Reasons*) and any amounts required under the 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 may, but shall not be under obligation to do so, 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 Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*), redeem the Notes in an amount equal to the then Principal Amount Outstanding of each class of Notes plus accrued but unpaid interest 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) (*Optional Redemption for Tax or Other Reasons*). Once redeemed to the full extent provided in this Condition 6(c) (*Optional Redemption for Tax or Other Reasons*), the Notes shall cease to bear interest.

(d) *Optional Redemption in Full*

Upon giving not more than 60 nor less than 30 days' prior written notice to the Trustee, the Luxembourg 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 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(d) (*Optional Redemption in Full*) on such Payment Date and any amounts required under the 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% of their aggregate Principal Amount Outstanding as at the Issue Date, the Issuer may redeem on such Payment Date in an amount equal to the then Principal Amount Outstanding of each class of Notes plus all accrued but unpaid interest 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 redeemed to the full extent provided in this Condition 6(d) (*Optional Redemption in Full*), the Notes shall cease to bear interest.

(e) *Optional Redemption in Full—Swap Agreement*

If, following the occurrence of a Tax Event, the Swap Provider is unable to transfer its rights and obligations under the Swap Agreement to another branch, office, affiliate or suitably rated third party to cure the Tax Event and the Issuer is unable to find a replacement swap counterparty (the Issuer being obligated to use reasonable efforts to find a replacement swap counterparty), and as a result thereof, the Swap Agreement is terminated, then, on giving not more than 60 nor less than 30 days' written notice to the Trustee, the Luxembourg 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 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) (*Optional Redemption in Full—Swap Agreement*) on such Payment Date and any amounts required under the Deed of Charge to be paid on such Payment Date which rank prior to, or *pari passu* with, the Notes, the Issuer may, but shall not be under obligation to, redeem the Notes on such Payment Date in an amount equal to the then Principal Amount Outstanding of each class of Notes plus all accrued but unpaid interest 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) (*Optional 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 on or after the date on which the Swap Agreement is entered into (regardless of whether such action is taken or brought with respect to a party to the Swap Agreement); or

(ii) the enactment, promulgation, execution or ratification of, or change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date the Swap Agreement is entered into,

as a result of which either the Issuer or the 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 (other than tax that may be withheld or deducted from default interest payable by either party under the Swap Agreement) under the Swap Agreement or the 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 (other than tax that may be withheld or deducted from default interest payable by either party under the Swap Agreement) and no additional amount or advance is required to be paid by the Issuer.

(f) *Note Principal Payments and Principal Amount Outstanding*

The principal amount (the "**Note Principal Payment**") of a class which is required to be redeemed in whole or in part (if any) to be repaid in respect of each Note on any Payment Date under this Condition 6 (*Redemption and Cancellation*) shall be that Note's *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Payment Date under this Condition 6 (*Redemption and Cancellation*); provided that no Note Principal Payment may exceed the Principal Amount Outstanding of the related Note.

On each Determination Date, the Cash Manager will determine (among other things): (i) the amount of any Note Principal Payment due on the next following Payment Date; and (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). Each determination by the Cash Manager of any Note Principal Payment and the Principal Amount Outstanding of a Note shall in each case, in the absence of wilful default, bad faith or manifest error, be final and binding on all persons.

For the purposes of these Conditions:

"**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 Issue Date and on or prior to the date of calculation.

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Note Principal Payment and Principal Amount Outstanding to be notified in writing forthwith to the Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and, for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange, and will cause notice of each determination of a Note Principal Payment and Principal Amount Outstanding 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 or Principal Amount Outstanding in accordance with the preceding provisions of this Condition 6(f) (*Note Principal Payments and Principal Amount Outstanding*), such payment or amount may be determined by the Trustee 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) *Principal on the Class X Notes*

No principal will be due or repayable on the Class X Notes until the earliest to occur of the Maturity Date, the date upon which a Note Enforcement Notice is served or the date on which the Notes are redeemed in full under Conditions 6(c) (*Optional Redemption for Tax or Other Reasons*), 6(d) (*Optional Redemption in Full*) or 6(e) (*Optional Redemption in Full—Swaps Agreements*).

(h) *Notice of Redemption*

Any such notice of redemption given by the Issuer in connection with a redemption described in this Condition 6 (*Redemption and Cancellation*) 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.

(i) *Cancellation*

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled upon the 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 Certificates will be paid, 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 Reg S Global Certificates will be paid in Euro to holders of interests in such Global Certificate who hold such interests through Euroclear and/or Clearstream, Luxembourg (the "**Euroclear/Clearstream Holders**").

At present, DTC can only accept payments in U.S. Dollars. As a result, DTC Holders will receive payments in respect of their interest in a Global Certificate in U.S. Dollars as described above unless they elect, in accordance with DTC's customary procedures, to receive payments in Euro.

Any Euroclear Clearstream Holder 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 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. The Issuer reserves the right, subject to the prior written approval of the 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 at all times maintain a Paying Agent with a specified office in Luxembourg for so long as the Notes are listed on the Luxembourg Stock Exchange, provided that it will at all times until final redemption of all Notes maintain: (i) a Registrar and a Paying Agent in London; and (ii) when Council Directive 2003/48/EC on taxation of savings income in the form of interest payments is implemented and applied by Member States, 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 any law implementing or complying with, or introduced to conform to, that directive (if such an EU member state exists) in each case, as approved by the Trustee. 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 related 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 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 interest in respect of Global Certificates will become void unless the relevant Global Certificates are presented for payment within five years of the relevant date.

Claims for principal and interest in respect of Individual Certificates will become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

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 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. **Issuer Events of Default**

(a) *Issuer Events of Default*

If any of the events mentioned in paragraphs (i) to (v) (inclusive) below occurs (each an "**Issuer Event of Default**"), the Trustee at its absolute discretion, may, and if so requested in writing by the holders of not less than 25% in aggregate of the Principal Amount Outstanding of the most senior class of Regular Notes shall, subject to the 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 to pay interest on the most senior class of Notes then outstanding within five days of the same becoming due and payable or the failure to pay principal within three days of the same becoming due and repayable, in each case in accordance with the 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 or the Transaction Documents to which it is party, and

(A) the Trustee certifies the default to be incapable of remedy; or

(B) the default continues for a period of 14 days following the service by the Trustee on the Issuer of notice requiring the default to be remedied;

(iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv) (*Issuer Events of Default*), ceases or, consequent upon a resolution of the board of managing directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer becomes or is, or could be deemed by law or a court to be insolvent or bankrupt or unable to pay its debts;

(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 Trustee in writing or by an Extraordinary Resolution of the most senior class of Regular Noteholders; or

(v) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order and special

measures (*bijzondere voorzieningen*) within the meaning of Chapter X of The Netherlands Act on the Supervision of Credit Institutions 1992 (*Wet toezicht kredietwezen 1992*) (as amended)) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or 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) (*Issuer Events of Default*), the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders.

(b) *Effect of Declaration by Trustee*

Upon any declaration being made by the Trustee in accordance with Condition 10(a) (*Issuer Events of Default*), 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 Deed of Charge.

11. **Enforcement**

Subject to the provisions of Condition 16 (*Subordination*), the 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 Trustee shall not be bound to take any such proceedings or steps unless:

(a) subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the holders of any class of Regular Notes or by a notice in writing signed by the holders of at least 25% in aggregate of the Principal Amount Outstanding of the Regular Notes then outstanding; 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 and damages (including any VAT thereon) which it may incur by so doing,

PROVIDED THAT:

(i) the Trustee shall not be bound to act at the direction of any class of Noteholders unless to do so would not, in the opinion of the Trustee, be materially prejudicial to the interests of any higher-ranking class of Noteholders; and

(ii) at no time shall the Trustee be bound to act at the direction of the Class X Noteholders.

Enforcement of the Issuer Security shall be the only remedy available to the 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 or to enforce the Issuer Security unless the Trustee, having become bound to do so, fails to do so within a

reasonable period and such failure is continuing; provided that no Noteholder shall be entitled to take proceedings for the winding up or administration of the Issuer.

12. **Meetings of Noteholders, Modification and Waiver**

(a) The Trust Deed contains provisions for convening meetings of the Noteholders of any class (other than the Class X Noteholders) to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, among other things, the removal of the Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents, provided that no modification of certain terms by the Noteholders of any class including, among others, the date of maturity of the Notes of the relevant class or a modification which would have the effect of postponing any day for payment of interest in respect of such Notes, the alteration of the Note Rate of Interest applicable in respect of such Notes, the alteration of the majority required to pass an Extraordinary Resolution, the alteration of the currency of payment of such Notes or any alteration of the priority of redemption of such Notes (any such modification in respect of any such class of Notes being a "**Basic Terms Modification**").

(b) An Extraordinary Resolution passed at a meeting of any class of Regular Noteholders will be binding on all lower-ranking classes of Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents or to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the holders of each class of Notes or it shall not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the lower-ranking classes of Noteholders.

(c) An Extraordinary Resolution passed at a meeting of any class of Regular Noteholders (other than and other than as referred to in Condition 12(b) (*Meetings of Noteholders, Modification and Waiver*)) will not be binding on the holders of any higher-ranking class of Notes unless:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the class or classes of Regular Noteholders ranking senior to such class of Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each class of Regular Noteholders ranking senior to such class of Noteholders.

(d) Subject as provided below, the quorum at any meeting of the Regular 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 or represented by a Global Certificate) of a class are held by one person, such person will be deemed to constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

(e) The quorum at any meeting of the Regular Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification will be two or more persons holding or representing not less than 75% or, at any adjourned such meeting, $33^{1}/_{3}$% in Principal Amount Outstanding of the Notes of such class for the time being outstanding. The foregoing notwithstanding, the implementation of certain Basic Terms Modifications will be subject to the receipt of written confirmation from

each Rating Agency that the then current ratings of each class of Notes rated thereby will not be qualified, downgraded or withdrawn as a result of such modification.

(f) The majority required for an Extraordinary Resolution shall be not less than 75% of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Regular Noteholders of any class will be binding on all Noteholders of such class whether or not they are present at such meeting.

(e) The Trustee may agree, without the consent of the holders of Notes of any class (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or (ii) to any modification of the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders of any class, determine that an Issuer Event of Default should not, subject to specified conditions, be treated as such, provided always that the 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 the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Regular Noteholders (provided that no such direction may affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the 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*).

(f) Where the 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 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 Trustee shall not be entitled to require, nor may any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(g) The Trustee shall be entitled to assume without further enquiry, 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.

13. Indemnification and Exoneration of the Trustee

The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the 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 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 Trustee.

The Trust Deed contains provisions pursuant to which the 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 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.

The Trust Deed relieves the 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 Deed of Charge.

The Trustee shall have no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The 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 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.

14. Replacement of Global Certificates and Individual Certificates

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 Trustee may reasonably require. Mutilated or defaced Global Certificates or Individual Certificates 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 Luxembourg, which is expected to be the Luxemburger Wort, 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 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 or a Principal Amount Outstanding 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 Trustee and notified to the Noteholders as described in Condition 15(a) (*Notice to Noteholders*). 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) (*Notice to Noteholders*).

(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 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 Trustee shall require.

(e) While the Notes are listed on the Luxembourg Stock Exchange, copies of all notices given in accordance with this Condition shall also be sent to DTC, Euroclear and Clearstream, Luxembourg.

16. **Exchange of Global Certificates**

In the event that the Issuer Security is enforced and, after payment of all other claims ranking in priority to the Notes under the Deed of Charge, the Trustee certifies that the remaining proceeds of such enforcement are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes and all other claims ranking *pari passu* therewith then all interests in the Global Certificates will be automatically exchanged or equivalent interests in an equivalent amount of Notes in an equivalent Principal Amount Outstanding in definitive form and such Global Certificates will be cancelled on the date of such exchange.

17. **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.

18. **Governing Law**

The Trust Deed, the Deed of Charge, the Agency Agreement and the Notes will be governed by English law.

19. **U.S. Tax Treatment and Provision of Information**

(a) It is the intention of the Issuer, each Noteholder and beneficial owner of an interest in the Notes that the Notes will be indebtedness 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 and in compliance with 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 beneficial owner of an interest in, such Notes or to any prospective purchaser designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or prospective purchaser, 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 the principal of the Mortgage Loan is paid or otherwise collected.

The average lives of the Notes cannot be predicted because the actual rate at which the Mortgage Loan 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 Issuer does not sell the Mortgage Loan;

(b) the Mortgage Loan does not default, does not prepay (partially or fully), is not enforced and no loss arises;

(c) the Borrower does not exercise its ability to extend the Loan Maturity Date pursuant to and in accordance with the Mortgage Loan Agreement; and

(d) the Issuer does not redeem the Notes (in accordance with Condition 6(d) (*Optional Redemption in Full*)) upon the aggregate Principal Amount Outstanding of such Notes being less than 10% of their aggregate Principal Amount Outstanding as at the Issue 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:

Payment Date relating to Loan Payment Date occurring in	Class A Notes	Class X Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G Notes
May 2004	100%	100%	100%	100%	100%	100%	100%	100%
August 2004	100%	100%	100%	100%	100%	100%	100%	100%
November 2004	100%	100%	100%	100%	100%	100%	100%	100%
February 2005	100%	100%	100%	100%	100%	100%	100%	100%
May 2005	100%	100%	100%	100%	100%	100%	100%	100%
August 2005	100%	100%	100%	100%	100%	100%	100%	100%
November 2005	100%	100%	100%	100%	100%	100%	100%	100%
February 2006	99.5%	100%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
May 2006	99.0%	100%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%
August 2006	98.5%	100%	98.5%	98.5%	98.5%	98.5%	98.5%	98.5%
November 2006	97.9%	100%	97.9%	97.9%	97.9%	97.9%	97.9%	97.9%
February 2007	97.2%	100%	97.2%	97.2%	97.2%	97.2%	97.2%	97.2%

Payment Date relating to Loan Payment Date occurring in	Class A Notes	Class X Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G Notes
May 2007	96.5%	100%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%
August 2007	95.8%	100%	95.8%	95.8%	95.8%	95.8%	95.8%	95.8%
November 2007	95.0%	100%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
February 2008	94.3%	100%	94.3%	94.3%	94.3%	94.3%	94.3%	94.3%
May 2008	93.6%	100%	93.6%	93.6%	93.6%	93.6%	93.6%	93.6%
August 2008	92.8%	100%	92.8%	92.8%	92.8%	92.8%	92.8%	92.8%
November 2008	92.1%	100%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%
Average Life (years)[1]	**4.5**	**N/A**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**
First Principal Payment Date relating to Loan Payment Date occurring in	Nov 2005	None	Nov 2005	Nov 2005	Nov 2005	Nov 2005	Nov 2005	Nov 2005
Last Principal Payment Date relating to Loan Payment Date occurring in	Nov 2008	Nov 2008	Nov 2008	Nov 2008	Nov 2008	Nov 2008	Nov 2008	Nov 2008

(1) The day count fraction used was "Actual/360", being the actual number of days in the related period divided by 360.

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 Notes (after deducting subscription fees) and the advance of the Junior Loan will be €510,536,293. Additional fees and expenses are expected to be approximately €15,000 (such fees and expenses, together with the subscription fees, being the "**Closing Expenses**"). On the Issue Date, the Issuer will apply the proceeds of the sale of the Notes, together with the proceeds of the Junior Loan, to purchase, in accordance with the terms of the Asset Sale Agreement, the Mortgage Loan, and to pay the Closing Expenses.

The Issuer will apply all or part of the amount it receives on the Issue Date in respect of the sale of the Notes, together with the funds advanced by the Junior Lender in respect of the Junior Loan, to the purchase of the Mortgage Loan from the Originator, an affiliate of Lehman Brothers International (Europe), on the Issue Date.

NETHERLANDS TAXATION

The comments below are of a general nature based on taxation law and practice in The Netherlands as at the date of this Offering Circular and are subject to any changes therein. They relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and so should be treated with appropriate caution. In particular, it does not take into consideration any tax implications that may arise on a substitution of the Issuer. Prospective investors should consult their own professional advisors concerning the possible tax consequences of purchasing, holding and/or selling Notes and receiving payments of interest, principal and/or other amounts under the Notes under the applicable laws of their country of citizenship, residence or domicile.

Withholding Tax

All payments of interest and principal by the Issuer under the Notes can be made free of withholding or deduction for, or on account of, any taxes of whatsoever nature imposed, levied, withheld, or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

A holder of a Note who derives income from a Note or who realises a gain on the disposal or redemption of a Note will not be subject to Dutch taxation on such income or capital gain, unless:

(i) the holder is, or is deemed to be, resident in The Netherlands, or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands; or

(ii) such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands; or

(iii) the holder is an individual and such income or gain qualifies as income from activities that exceed normal active portfolio management in The Netherlands.

Gift, Estate or Inheritance Taxes

Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder unless:

(i) the holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or as a gift made by or on behalf of a person who, at the time of the gift or death, is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(iii) such Note is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands.

Value Added Tax

There is no Dutch value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of a Note, provided that Dutch value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Dutch value added tax purposes such services are rendered, or are deemed to be rendered, in The Netherlands and an exemption from Dutch value added tax does not apply with respect to such services.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

Residence

A holder of a Note will not be treated as a resident of The Netherlands by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Notes.

UNITED KINGDOM TAXATION

The following summarises certain United Kingdom taxation issues in relation to payments of interest in respect of the Notes at the date of this Offering Circular. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes and that the Issuer's source of funds from which it makes its payments under the Notes is situated outside the United Kingdom. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in the United Kingdom or in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions).

Provision of Information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to the United Kingdom Inland Revenue details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to the United Kingdom Inland Revenue may, in certain cases, be passed by the United Kingdom Inland Revenue to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

EU SAVINGS DIRECTIVE

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 January 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each Member State will be required 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 an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to commence on the date from which the directive is to be applied by Member States and 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.

If, following implementation of the directive, 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 Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts to Noteholders or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a Paying Agent following implementation of the directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the directive (if such a state exists).

UNITED STATES TAXATION

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% 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 Notes*", excludes the Class X Notes from the description of the United States federal income tax treatment of the Notes.

Characterisation of the Notes

The Issuer intends to take the position that the Notes are debt 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. In particular, because of the subordination features of the Class G Notes (and to a lesser extent, a more senior class of Notes), there is a significant possibility that the IRS could contend that they should be treated as equity. See "*—Possible Alternative Characterisation of the Notes*" below. Absent a final determination to the contrary, the Issuer and each Noteholder and Beneficial Owner, by acceptance of a Note or a beneficial interest therein, agree to treat the Notes as debt 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, Class D Notes, Class E Notes and Class F 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. As discussed below under the heading "*—Possible Alternative Characterisation of the Notes*" holders of Notes recharacterised as equity of the Issuer would likely be treated as owning shares in a passive foreign investment company. Unless otherwise indicated, the discussion in the following paragraphs assumes this characterisation of the 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

In General

Interest on the Notes will be taxable to a United States holder as ordinary income at the time it is accrued.

A Note is considered issued with original issue discount ("**OID**") for United States federal income tax purposes if its "stated redemption price at maturity" exceeds its "issue price" (i.e., the price at which a substantial portion of the respective class of Notes is first sold (not including sales to the Manager)) by an amount equal to or greater than 0.25% 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. The pricing of the Notes is calculated on the basis of the scheduled amortisation payments on the assumption that there will be no prepayments.

In general, interest on the Notes 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 Notes, other than the Class A Notes, do not constitute "qualified stated interest" and, as a result, treat such Notes as having OID.

A United States holder of any class of Notes issued with OID generally will be required to accrue OID on the Note into income for United States federal income tax purposes for each day on which the United States holder holds such instrument. Special rules applicable to debt instruments such as the Notes as to which the repayment of principal may be accelerated as a result of the prepayment of other obligations securing the debt instruments provide that the periodic inclusion of OID is determined by taking into account the prepayment assumption used in pricing the debt instrument and actual prepayment experience. Under these rules, the OID accruing in any accrual period will likely equal the amount by which (a) the sum of (i) the present value of all remaining distributions, if any, to be made on the Note as of the end of the accrual period plus (ii) the payments made during such period included in the Note's stated redemption price at maturity, exceeds (b) the "adjusted issue price" of the Note as of the beginning of such period. The present value of the remaining distributions to be made on a Note is calculated based on (x) a discount rate equal to the original yield to maturity of such instrument based on its issue price and the value of LIBOR on the issue 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 LIBOR 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 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 the 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. For foreign tax credit purposes, interest will generally be treated as foreign source passive income (or, in the case of certain United States holders, financial services income).

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 Notes by United States Holders

In General

Upon the sale, exchange or retirement of a 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*" above). A United States holder's adjusted tax basis in a 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 Note will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in a 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 Note with previously owned Euros 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 Euros and the United States dollar value of the Euros on the date of purchase.

Gain or loss realised upon the receipt of a principal payment on, or the sale, exchange or retirement of, a 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 Euros received on the receipt of principal on, or the sale, exchange or retirement of, a Note equal to the United States dollar value of such Euros, 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 Euros (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 Mortgage Loan 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 Mortgage Loan until it can be established that those payment reductions will not be received. Accordingly, particularly with respect to the more subordinated Notes, the amount of taxable income reported during the early years of the term of the Notes may exceed the economic income actually realised by the holder during that period. Although the United States holder of a Note 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 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.

Possible Alternative Characterisation of the Notes

In General

Although, as described above, the Issuer intends to take the position that the Notes will be treated as debt for United States federal income tax purposes, and United States tax counsel will so opine with respect to Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, such position is not binding on the IRS or the courts and therefore no assurance can be given that such characterisation will prevail. In particular, because of the subordination features of the Class G Notes (and to a lesser extent, a more senior class of Notes), there is a significant possibility that the IRS could contend that they should be treated as an equity interest in the Issuer. The following discussion sets forth the United States federal income tax treatment of the Notes if the Notes are treated as an equity interest in the Issuer.

If the IRS successfully asserted that all or a portion of the Notes should be treated as equity interests in the Issuer (any such Note, a "**Recharacterised Note**"), a United States holder of a Recharacterised Note would 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 Recharacterised Note, 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 Recharacterised Note generally would constitute foreign source income that would be treated as passive income for foreign tax credit purposes. Each United States holder should consult its own tax advisors as to how it would be required to treat this income for purposes of its particular United States foreign tax credit calculation.

Classification of Issuer as Passive Foreign Investment Company

The Issuer will likely be treated as a passive foreign investment company ("**PFIC**") for United States federal income tax purposes. As a result, a United States holder of any Recharacterised Notes might 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% 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 Notes could cause a United States holder to recognise taxable income. Also, if any class of Notes were treated (in whole or in part) as equity interests in a PFIC, an individual United States holder of such class would 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.

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 Recharacterised 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 Recharacterised Notes at the close of the year over the United States holder's adjusted tax basis in the Recharacterised Notes. For this purpose, a United States holder's adjusted tax basis generally would be the United States holder's cost for the Recharacterised 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 Recharacterised Note, 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 Recharacterised Notes previously included in income. Any gain from the actual sale of the Recharacterised 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. Recharacterised 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 Luxembourg 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 Luxembourg 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" or "foreign personal holding company" for United States federal income tax purposes. In such event, United States holders that own a certain percentage of Recharacterised 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 and foreign personal holding company provisions.

Characterisation of the Class X Notes

The United States federal income tax treatment of the Class X Notes is substantially uncertain. The Issuer intends to treat the Class X Notes as indebtedness for United States federal income tax purposes; however, there can be no assurance that the IRS will concur with such treatment. Possible alternative characterisations of the Class X Notes would include treating such notes as notional principal contracts or as equity interests in the Issuer. Such alternative characterizations could affect the timing and/or character of any income or losses attributable to the Class X Notes. Absent a final determination to the contrary, the Issuer and each Noteholder and beneficial owner, by acceptance of a Note or a beneficial interest therein, agree to treat the Class X Notes as debt 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 Class X Notes on all applicable tax returns in a manner consistent with such treatment. The remainder of this discussion assumes the Class X Notes are properly treated as indebtedness for Untied States federal income tax purposes.

The Class X Notes would be considered to be issued with OID equal to the excess of the "stated redemption price at maturity" over the "issue price". The stated redemption price at maturity of the Class X Notes for purposes of calculating OID equals the sum of all distributions expected to be made thereunder. The issue price equals the price at which a substantial portion of the Class X Notes are sold. Prospective investors in the Class X Notes should consult with their tax advisors concerning the possible tax implications of an investment in the Class X Notes.

Transfer and Information 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 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% 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 Notes that were recharacterised as equity of the Issuer and (ii) the Issuer were treated as a "controlled foreign corporation" or a "foreign personal holding company" 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 unless such interest is effectively connected to that non-United States holder’s conduct of trade or business within the United States.

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%) 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.

U.S. ERISA AND CERTAIN OTHER 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. The Code also imposes certain requirements on ERISA Plans and on other retirement plans, accounts and arrangements, including individual retirement accounts subject to Section 4975 of the Code (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.

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, among other things, the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes (or any interest therein) is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, in the Notes is appropriate for the ERISA Plan taking into account the applicable fiduciary standards, including that the investments are diversified so as to minimise the risk of large losses and that an investment in the Notes otherwise complies with the terms of the ERISA Plan, the overall investment policy of the ERISA Plan and all other applicable laws.

Section 406 of ERISA and Section 4975 of the Code prohibit 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 realized by the Plan or profits realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Each 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, Class B, Class C, Class D, Class E or Class F Notes or any interests therein.

Certain transactions involving the purchase, holding or transfer of the Notes or any interest therein might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Plan. Under regulations issued by the United States Department of Labor, set forth in 29 C.F.R. § 2510.3-101 (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. In accordance with the description of the Notes under "*United States Taxation—Characterisation of the Notes*" herein, the Issuer intends to take the position that the Class A, B, C and D Notes should be 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, Class B, Class C, Class D, Class E and Class F Notes or as to whether the assets of the Issuer would be deemed to be the assets of Plans that become holders of any Notes. Accordingly, Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes and interests in such Notes may generally be acquired by Plans (subject to the requirements described herein, and under "*Transfer Restrictions*"). However, the Class G Notes and the Class X Notes (including any interests in any Class G Note or Class X Note) may not be purchased by or transferred to a Plan.

However, without regard to whether the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes are treated as an equity interest for such purposes, the acquisition or holding of 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) 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 Originator, the Managers, the 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 the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager", PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager", PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest, PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest and PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest (collectively, the "**Exemptions**"). Even if the conditions specified in one or more of the Exemptions are met, the scope of the relief provided by the Exemptions might or might not cover all acts which might be construed as prohibited transactions.

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, the Originator, the Borrower, the Trustee, the Master Servicer, the Special Servicer, the Paying Agents, the Operating Banks, the Agent Bank, the Exchange Agent, the Registrar, the Depository, the Swap Provider, the Liquidity Provider, or any other party involved in the transactions described in this Offering Circular, 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. Any such purchase might result in a "prohibited transaction" under ERISA or the Code.

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank* and the enactment of Section 401(c) of ERISA on August 20, 1996. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the Department of Labor for transactions involving insurance company general accounts in Prohibited Transaction Class Exemption 95-60, 60 Fed. Reg. 35925 (July 12, 1995) and the regulations issued by the Department of Labor, 29 CFR Section 2550.401c-1 (January 5, 2000).

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 Originator, the Manager or the 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, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note (or interest therein) will be deemed to have represented, warranted and agreed that (A) 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 (as defined below), or (ii) its purchase and holding of a Class A Note, Class B Note, Class C Note, Class D Note, Class E Note or Class F Note (or interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available. Each purchaser of a Class G 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 G Note or 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 or to foreign laws 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 constitute or result in a prohibited transaction under Similar Law for which an exemption is not available.

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

Under the Subscription Agreement, Lehman Brothers International (Europe), J.P. Morgan Securities Limited and Helaba Landesbank Hessen-Thüringen Girozentrale (together, the "**Managers**") have agreed (subject to certain conditions) to subscribe and pay for the Class A Notes at 100% of the principal amount of such Notes, the Class X Notes at 100% of the principal amount of such Notes, the Class B Notes at 100% of the principal amount of such Notes, the Class C Notes at 100% of the principal amount of such Notes, the Class D Notes at 100% of the principal amount of such Notes, the Class E Notes at 100% of the principal amount of such Notes, the Class F Notes at 100% of the principal amount of such Notes and the Class G Notes at 100% of the principal amount of such Notes.

The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers, their respective affiliates and their respective directors, employees, representatives, agents and controlling persons against certain liabilities in connection with the offer and sale of the Notes, including liabilities under the Securities Act.

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.

In connection with the issue and distribution of the Notes, Lehman Brothers International (Europe) (in such capacity, the '**Stabilising Manager**") (or any person acting for the Stabilising Manager) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

Over-allotment involves sales in excess of the offering size which creates a short position for the Managers. Stabilising transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Such stabilising transactions and syndicate covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of such transactions.

Such stabilisation activities will not be carried out by the Stabilising Manager as agent for the Issuer and the Stabilising Manager will not account to the Issuer for any resulting profit nor will they be liable for any loss.

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, in an offshore transaction in reliance on Regulation S under the Securities Act ("**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 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*".

Until 40 days after the commencement of the offering of the Notes, an offer or sale of any Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The offering price will be the same for both the Notes sold within the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. The Regulation S Notes will be issued in minimum denominations, in the case of the Regular Notes, of €500,000 and integral multiples of €1 in excess thereof and in the case of the Class X Notes, in minimum denominations of €10,000. The Rule 144A Notes will be issued in minimum denominations, in the case of the Regular Notes, of €500,000 and integral multiples of €1 in excess thereof and in the case of Class X Notes, in minimum denominations of €10,000. 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 (the "**Minimum Denomination**").

Each of the Managers has acknowledged and agreed that it will not offer, sell or deliver (i) any Regulation S Notes within the United States as part of their distribution at any time 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 Offering Circular 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 Luxembourg 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. Distribution of this Offering Circular to any person within the United States that is not a QIB 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 have further represented and agreed that:

(a) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to the expiry of the period of six months from the Issue Date except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

(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 Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that no action has or will be taken by it which

would allow an offering (or a "*sollecitazione all'investimento*") of the Notes to the public in the Republic of Italy, and that sales of the Notes to any persons in the Republic of Italy shall be effected in accordance with Italian securities, tax and other applicable laws and regulations.

Each Manager has represented that it has not offered, sold or delivered and will not offer, sell or deliver any Notes or distribute or make available any Notes or copies of this Offering Circular or any other offering material relating to the Notes in the Republic of Italy except:

(i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of Regulation No. 11522 of 1st July, 1998 issued by the Commissione Nazionale per le Società e la Borsa ("**CONSOB**"), as amended;

(ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended; or

(iii) to an Italian resident who submits an unsolicited offer to purchase such Notes.

Any offer, sale or delivery of Notes or distribution of copies of this Offering Circular or any other document relating to any Notes in Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the "**Banking Act**"), as amended;

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in Italy and their characteristics; and

(c) in compliance with any other applicable notification, requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Netherlands/Global

The Class X Notes (including rights representing an interest in a Class X Note in global form) may not be offered, sold, transferred or delivered, directly or indirectly, as part of their initial distribution or at any time thereafter to individuals or legal entities *anywhere in the world* other than to the following entities (hereinafter referred to as "**Professional Market Parties**" or "**PMPs**") provided they acquire the Notes for their own account and they also trade or invest in securities in the conduct of a business or profession:

(i) banks, insurance companies, securities firms, collective investment institutions or pension funds that are (i) supervised or licensed under Dutch law or (ii) established in a European Economic Area ("**EEA**") member state (other than The Netherlands), Hungary, Monaco, Poland, Puerto Rica, Saudi Arabia, Slovakia, Czech Republic, Turkey, South Korea, the United States, Japan, Australia, Canada, Mexico, New Zealand or Switzerland and are subject to prudential supervision in their country of establishment;

(ii) collective instrument institutions which offer their shares or participations exclusively to professional investors (or, as far as foreign investment institutions are concerned: to such investors located in The Netherlands) and are not required to be supervised or licensed under Dutch law;

(iii) the Dutch government (*de Staat der Nederlanden*), the Dutch Central Bank (*de Nederlandsche Bank N.V.*), a foreign government body being part of a central government, a foreign central bank, Dutch or foreign regional, local or other decentralised governmental institutions, international treaty organisations and supranational organisations;

(iv) enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;

(v) enterprises, entities or natural persons with a net equity (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;

(vi) subsidiaries of the entities referred to under (i) above provided such subsidiaries are subject to prudential supervision;

(vii) enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and

(viii) any other entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations,

provided that all such Class X Notes shall bear a legend to the following effect:

> "THIS NOTE (OR ANY INTEREST THEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES ANYWHERE IN THE WORLD OTHER THAN PROFESSIONAL MARKET PARTIES ("**PMPS**") WITHIN THE MEANING OF THE EXEMPTION REGULATION UNDER THE DUTCH ACT ON THE SUPERVISION OF CREDIT INSTITUTIONS 1992.
>
> EACH HOLDER OF NOTES (OR ANY INTEREST THEREIN), BY PURCHASING SUCH NOTES (OR ANY INTEREST THEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) SUCH HOLDER IS A PMP AND IS ACQUIRING THIS NOTE (OR ANY INTEREST THEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP, THAT (2) SUCH NOTES (OR ANY INTEREST THEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO *ANYONE ANYWHERE IN THE WORLD* OTHER THAN A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE."

All Notes (including rights representing an interest in a Note in global form, save for Class X Notes which will be offered in accordance with the above) shall be offered in accordance with the following conditions:

(a) such Notes shall upon the Issue Date have a denomination of at least EUR 500,000 (or the equivalent in other currency);

(b) either the Issuer is not reasonably able to identify the holders of the Notes on the Issue Date (other than the Managers) or, to the extent Notes are issued directly to such holders or issued in circumstances where the Issuer is reasonably aware of their identity on or prior to the Issue Date (as will be the case for the Managers), such holders must qualify as PMPs and be verified as such by the Issuer on or prior to such Issue Date in accordance with the Dutch Central Bank's 2002 policy rules pursuant to the Dutch Banking Act Exemption Regulation (*Beleidsregels kernbegrippen markttoetreding en handhaving Wtk 1992*); and

(c) such Notes are held at the time of issuance through a clearing system that is established in an EEA member state, the United States, Japan, Australia, Canada or Switzerland in which securities can only be held through a licensed bank or securities firm.

Germany

Each Manager has confirmed that it is aware of the fact that no German sales prospectus (*Verkaufsprospeket*) within the meaning of the Securities and Sales Prospectus Act (*Wertpapier-*

Verkaufsprospektgesetz) of the Federal Republic of Germany has been or will be published with respect to the Notes. In particular, each Manager has represented that it has not engaged and has agreed that it will not engage in public offering (*o¨ ffentliches Angebot*) within the meaning of the Securities and Sales Prospectus Act with respect to any Notes otherwise than in accordance with the Act and all other applicable legal and regulatory requirements.

General

Except for listing the Notes on the Luxembourg Stock Exchange, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Grcular 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 Offering Circular, will be deemed to have represented and agreed that such person acknowledges that it is a qualified institutional buyer ("**QIB**") within the meaning of Rule 144A and that this Offering Circular 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 Offering Circular, 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 Certificate (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 QIB, (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 €500,000 (or €10,000 in the case of the Class X Notes) as the case may be 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) 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.

(3) In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Managers or any affiliate or the Trustee 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 or the Trustee other than in this Offering Circular; (c) none of the Issuer, the Managers or any of their respective affiliates or the Trustee 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 or the

Trustee; (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.

(4) With respect to 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 (or any interest therein), (I) the purchaser is not and for so long as such Notes (or any interest therein) are held will not be (A) a "plan" that is subject to ERISA or 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 (B) a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law or any non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (II) the purchaser's purchase and holding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (or any 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, any such substantially similar law) for which an exemption is not available. Any purported transfer of a Note (or any interest therein) to a purchaser that does not comply with the requirements of this paragraph 5 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 G Notes and the Class X Notes (or any interest therein), the purchaser is not and for so long as such Notes (or any interest therein) are held will not be (A) a "plan" that is subject to ERISA or 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 (B) a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law or any non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code. Any purported transfer of a Note (or any interest therein) to a purchaser that does not comply with the requirements of this paragraph 5 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 G Notes (or any interest therein), as applicable, to a Person who meets the foregoing criteria.

(5) The purchaser understands that pursuant to the terms of the Agency Agreement, 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 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 Agency Agreement.

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 €500,000 (OR €10,000 IN THE CASE OF THE CLASS X NOTES), AS THE CASE MAY BE; OR (2) OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("**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, IS LOCATED OUTSIDE OF THE UNITED STATES.

[FOR CLASS X NOTES:] THIS CLASS X NOTE (OR ANY INTEREST THEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES ANYWHERE IN THE WORLD OTHER THAN PROFESSIONAL MARKET PARTIES ("**PMP'S**") WITHIN THE MEANING OF THE EXEMPTION REGULATION UNDER THE DUTCH ACT ON THE SUPERVISION OF CREDIT INSTITUTIONS 1992.

EACH HOLDER OF CLASS X NOTES (OR ANY INTEREST THEREIN), BY PURCHASING SUCH CLASS X NOTES (OR ANY INTEREST THEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) SUCH HOLDER IS A PMP AND IS ACQUIRING THIS CLASS X NOTE (OR ANY INTEREST THEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP, THAT (2) SUCH CLASS X NOTES (OR ANY INTEREST THEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO *ANYONE ANYWHERE IN THE WORLD* OTHER THAN A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT 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.

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, CLASS D NOTES, CLASS E NOTES AND CLASS F 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) A "PLAN" THAT IS SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR 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

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 OR ANY NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, 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, ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

[FOR CLASS G NOTES AND CLASS X NOTES:] THE PURCHASER OF THIS NOTE (OR ANY INTEREST IN THIS NOTE) SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE IT WILL NOT BE, A "PLAN" THAT IS SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR 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 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 OR ANY NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE.

(6) It acknowledges that the Issuer, the Registrar, the Trustee, the Managers and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(7) 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.

(8) 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 (4) above, and to have further represented, warranted, acknowledged and agreed that:

(1) it is located outside the United States;

(2) in connection with the purchase of the Regulation S Notes: (a) none of the Issuer, the Managers or any affiliate or the Trustee 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 or the Trustee other than in this Offering Circular; (c) none of the Issuer, the Managers or any affiliate or the Trustee 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 or the Trustee; (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;

(3) 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) in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) of Regulation S;

(4) it understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear the legend set forth below and will be represented by one or more Regulation S Global Certificates. 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 Trustee with a written certification (substantially in the form provided in the Trust Deed);

(5) it acknowledges that the Issuer, the Registrar, the Trustee, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; and

(6) 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.

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.

ASPECTS OF SWEDISH LAW RELEVANT TO THE ASSET SECURITY AND ENFORCEMENT

Enforcement outside Bankruptcy

Kronofogdemyndigheten (the "**Swedish Enforcement Agency**") is the body responsible for carrying out enforcement orders against real property located in Sweden and for realising mortgaged property in satisfaction of claims. The enforcement proceedings are initiated by a creditor obtaining a court order or a summary enforcement order directly against a debtor. After having obtained such an order, the creditor may file an application with the Swedish Enforcement Agency requesting the order to be enforced against the debtor and any real property owned or mortgaged by it in favour of the creditor as security for his claim. After the Swedish Enforcement Agency has registered an application for enforcement against a property, it will notify the owner of the property as well as all known secured creditors of the debtor. The identity of the owner and the registered *Pantbrev* holders is publicly available from *Inskrivningsmyndigheten* (the "**Swedish Land Registration Authority**").

Rent and other receipts which are payable after an enforcement order is obtained may, upon request by a creditor, be collected by an administrator of the property (if appointed by the Swedish Enforcement Agency). Rent so collected may be applied against the property's administrative, operating and maintenance expenses, but may not be used to discharge the debtor's outstanding debt until the forced sale is completed. Instead, the excess of the rent collected over such expenses is retained by the Swedish Enforcement Agency to be applied, together with the proceeds of the sale of the property, in or towards the claims of creditors in order of priority.

Disposal of property by the Swedish Enforcement Agency is usually conducted by advertised public auction held in the district where the real property is located. The Swedish Enforcement Agency may also sell a property by other means (such as selling the property through a real estate agent) if that is considered more expedient by the Swedish Enforcement Agency and all claims and encumbrances relating to the property are known and undisputed. The consequences of a private sale by the Swedish Enforcement Agency are broadly the same as an auctioned sale.

Subject as provided below, the *Pantbrev* holder which has initiated enforcement proceedings in respect of a security over a property may reject any bid made at an auction or in a private sale if the bid would not satisfy its secured claim in full. If an auction or private sale is held, the Swedish Enforcement Agency can reject any bid if the claims of *Pantbrev* holders with higher priority than the *Pantbrev* holder which has initiated enforcement proceedings would not be satisfied from the sales proceeds or, if in the Swedish Enforcement Agency's view, a substantially higher price may be achieved at a new auction or private sale. If all bids at an auction or in a private sale are rejected, a new auction or private sale may be arranged upon the request by the initiating *Pantbrev* holder.

The proceeds received at a public auction or in a private sale will be applied in or towards the claims of *Pantbrev* holders in the order of their priority together with the enforcement costs payable to the Swedish Enforcement Agency.

As described above, the Swedish Enforcement Agency's forced sales have often been conducted by public auction. For a number of reasons (including the absence of the normal seller's representations and warranties as to the property's freedom from undisclosed defects and the limited participation of buyers in the auction process), the prices realised on the sale of a property at a public auction are typically less than would be realised in a private sale.

Bankruptcy Proceedings in Sweden

General. Besides voluntary arrangements and informal schemes of arrangements with creditors, the principal insolvency regime for Swedish companies is bankruptcy or winding-up proceedings pursuant to the Bankruptcy Act 1987 (as amended) (*Konkurslagen (1987:672)*) (the "**Bankruptcy Act**").

Bankruptcy Proceedings. Bankruptcy is a term applied to both individuals and legal persons in Sweden and is the dissolution procedure for insolvent companies. Bankruptcy proceedings may be commenced under Swedish law at any time when a company is "insolvent"; that is to say that it is

"unable to pay its debts as they fall due" (and this lack of ability is not just temporary). A court will only make a bankruptcy order if it is satisfied that the company fails to meet this cash flow test.

Bankruptcy proceedings are initiated by the company or any of its creditors presenting a petition to the court for the company's bankruptcy. If a company does not itself initiate bankruptcy proceedings, any of its creditors is entitled to do so.

If a Swedish company is declared bankrupt, a bankruptcy administrator (Swedish: *Konkursförvaltare*) is appointed by the court. The Bankruptcy Act provides that the administrator is obliged to administer the bankruptcy estate in the manner most beneficial to both secured and unsecured creditors of the bankrupt company and to take all measures in furtherance of a swift and advantageous disposal of its assets.

Where real property forms the security for secured creditors, decisions on these matters are taken on a property-by-property basis.

The administrator is given broadly defined powers under the Bankruptcy Act. To the extent that the creditors suffer a loss as a result of steps taken by the administrator, the administrator will be personally liable for this loss if it results from his negligence. The three key factors relating to the sale of a property and the *Pantbrev* holder's influence are:

1. the sale price;

2. the timing of the sale; and

3. the method of sale.

The administrator is obliged to dispose of the properties as advantageously and as quickly as possible at market value. Therefore an administrator would typically have a valuation made of the relevant properties, generally by one of the leading firms of property valuers.

If the administrator receives a bid for a property at or about the appraised value, the administrator would accept that bid provided that all *Pantbrev* holders agree to the sale or the sale proceeds are sufficient to repay the secured amounts of the relevant *Pantbrev* holders. Following a sale, any of the administrator's costs and expenses attributable to the relevant property remaining outstanding are deducted prior to distribution of the proceeds.

Before a property can be sold at any price by means of a private sale, all *Pantbrev* holders must formally agree to the sale. No similar rights exist in favour of unsecured creditors. An unsecured creditor's only remedy is to sue the administrator for damages after the sale on the basis that the sale price was below market value if he has incurred a loss thereby. The validity of the sale, however, would not be affected. There are no *Pantbrev* holders other than the Security Agent in relation to any of the Properties.

If a private sale by the administrator is not conducted, the administrator may request that the property be sold through the Swedish Enforcement Agency at a public auction or by a private sale as described above. In such an auction or sale, the costs and fees of the administrator attributable to the property rank ahead of the *Pantbrev* holders. If the administrator or the Swedish Enforcement Agency sells or transfers a Property to any third party a stamp duty of 3.00%, if the purchaser is a legal person, or 1.50%, if the purchaser is a private individual or a tenant owner association, calculated on the purchase price for the Property (or, if higher, the tax assessment value for the Property), would be payable by the purchaser of the Property.

A *Pantbrev* holder is entitled to demand that its *Pantbrev* be enforced by a public auction without obtaining the consent of the administrator. Otherwise the administrator is obliged to use the method which would promote the highest price. This is generally by means of a private sale.

Advance Payments. Under the Bankruptcy Act, the administrator is required to make payments in advance of the determination of the final dividend (payable at the end of bankruptcy proceeding) to the secured creditors of a company in bankruptcy from the aggregate of any sale proceeds and net income generated by the assets forming the security "if it is appropriate to do so"

(Swedish: "*om det lämpligen kan ske*"). If an advance payment is made by the administrator it will only be paid to a first ranking *Pantbrev* holder until its entitlement (as set out under "*—Enforcement of the Security over the Properties*") is satisfied.

The time which will elapse between the commencement of bankruptcy proceedings and the making of an advance payment will be dependent on many factors including the existence of other *Pantbrev* holders in addition to the Security Agent.

In consideration of any advance payment, the administrator may demand that the creditor delivers collateral to secure the possible reversal of the advance payment. There is a potential conflict under Swedish law as to whether an advance payment is permitted to be made by an administrator in instances where public auction is to be held.

Establishing Security over the Properties: the *Pantbrev*

A *Pantbrev*, a bearer document with a face amount specified by the legal owner of the property, will be issued by the Swedish Land Registration Authority upon the legal owner's request. The legal owner is the person who is registered in the land register or who has applied for registration in the land register after having purchased the property.

The priority of different *Pantbrev* relating to a property is determined by the order of application to the Swedish Land Registration Authority for their issuance, with the *Pantbrev* of the oldest date of application being given the best priority. A *Pantbrev* is a perpetual document and cannot be terminated (except with the agreement of the *Pantbrev* holder).

A registration tax of 2.00% of the nominal amount of the *Pantbrev* is payable at the time of issue of the *Pantbrev*. There is no upper limit on the registered amount of *Pantbrev* in respect of any one property but the registration tax discourages application for an amount greater than necessary.

A security over real property is granted by the legal owner pledging to the creditor the *Pantbrev* taken out in respect of the property and delivering the same to the creditor or, where the *Pantbrev* are in book-entry form, registering the creditor as holder of the *Pantbrev*. No stamp duty is payable in connection with the perfection of a pledge of *Pantbrev*.

Enforcement of the Security over the Properties

If a Property is sold on enforcement (i) the lowest amount of the Loan Entitlement, *Pantbrev* Entitlement and Realisation Proceeds (each as calculated below), in the case of enforcement of the security over the Property Company Notes (and the related *Pantbrev* security in respect of liabilities thereunder), or (ii) the lowest of the Loan Entitlement, *Pantbrev* Entitlement, Realisation Proceeds and Corporate Benefit (each as calculated below) (less any amounts recovered in connection with enforcement of the security over the Property Company Notes) in the case of enforcement of the *Pantbrev* security in respect of the Mortgage Loan, will be applied against the sums owed by the Borrower to the extent necessary to repay and discharge its liabilities under the Mortgage Loan. These calculations would be made by either the relevant company's administrator in bankruptcy or the Swedish Enforcement Agency and carried out on a property-by-property basis. The proceeds from the sale of a Property may not be used to cover the Swedish Enforcement Agency's general administration costs but may be applied in or towards costs incurred by the Swedish Enforcement Agency in connection with the management of the Property and its liquidation of security over the Property.

"**Loan Entitlement**" means:

(i) in the case of enforcement of the security over the Property Company Notes (including the Borrower's interest in the related *Pantbrev* security), such portion of the Mortgage Loan that equals the principal amount of the Property Company Note relating to the relevant Property; and

(ii) in the case of enforcement of the *Pantbrev* security granted in respect of the Mortgage Loan, (a) the principal amount of the Mortgage Loan plus any fees and charges payable under the Mortgage Loan, plus (b) interest at the contractual interest rate (or,

as the case may be, the default rate) under the Mortgage Loan up to the date of the dividend proposal in the bankruptcy or, if advance payments are made, up to the date of such payments, or in the case of enforcement, the date on which the Property is taken over by the buyer (Swedish: *tillrädesdagen*).

"**Pantbrev Entitlement**" means an amount equal to:

(i) the nominal amount of the *Pantbrev* in the Property; plus

(ii) 15% of the nominal amount of the *Pantbrev*; plus

(iii) interest from the date a petition is presented for bankruptcy or the enforcement order, as the case may be, to the date of payment calculated on the nominal amount of the *Pantbrev* at an annual rate equal to the reference rate of interest as set from time to time by the Swedish Central Bank plus 4 percentage points.

"**Realisation Proceeds**" means an amount equal to:

(i) the amount realised on the sale of the Property; plus

(ii) the income generated by the Property from the date of the bankruptcy order or the enforcement order, as the case may be, or the enforcement decision if the lender has so requested) to the date on which the sold Property is taken over by the buyer (Swedish: *tillrädesdagen*); less

(iii) expenses incurred in respect of the Property from the date of the bankruptcy decision or, as the case may be, the enforcement order; less

(iv) costs incurred and fees charged by the bankruptcy administrator and/or the Swedish Enforcement Agency for the administration and sale or auction of the Property (and, in limited circumstances, certain creditors preferred by law).

"**Corporate Benefit**" means, in the case of enforcement of a *Pantbrev* security in respect of the Mortgage Loan, the amount of corporate benefit enjoyed by the relevant Property Company in providing the *Pantbrev* security plus the amount of any distributable reserves.

Ownership of Property in Sweden

Swedish land is divided into property units, which are registered in the Swedish land register (Swedish*: Inskrivningsregisteret*) (the "**Land Register**"). The Land Register is available for public inspection and provides information which often is relied upon in transactions for the sale and purchase of property. Besides information about the owner or, if applicable, the site leaseholder, of a property, the Land Register contains information about, among other things, mortgages, easements, tax assessment values and the latest transfer of the property. Upon registration of ownership in the Land Register, the Land Registration Authority issues a certificate of title (Swedish: *lagfart*) to the new owner. Potential purchasers of the property may rely on the information in the Land Register in respect of ownership and the identity of the owner. In certain circumstances it is essential for a purchaser of property to apply for and obtain registered title, for example, if the property has been sold by a vendor to more than one party. In such a case, the order of registration of ownership will normally prevail. Registration is however not necessary for a transfer of property to be valid; a purchaser of a property will gain a right in the property on the basis of the purchase agreement alone. Under the Swedish Land Code (Swedish: *Jordabalken*), an application for the registration of ownership to a property must be made within three months from the date of purchase.

An agreement to purchase real property must be made in writing and certain other formal requirements apply for such an agreement to be effective. The transfer and documentation processes for the sale of real property is often divided into two stages, resulting in a purchase agreement and a bill of sale. An option, written or oral, to purchase a property in the future is not valid. Transfers of real property are subject to the levy of a stamp duty, calculated as 1.50% (if the purchaser is an individual or a tenant owner association) or 3.00% (if the purchaser is a legal person), of the

purchase price or the tax assessment value of the property, whichever is the highest. It is normally the purchaser that is liable to pay the stamp duty on a transfer.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of Managing Directors of the Issuer passed on 26 March 2004.

2. Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection with the listing application, the Articles of Association of the Issuer and legal notice in relation to the issue of the Notes have been deposited with the Trade and Companies Registrar in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*), where such documents are available for inspection and where copies of such documents may be obtained upon request. According to Chapter VI Article 3, point A/II/2 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes shall be freely transferable and therefore no transaction made on the Luxembourg Stock Exchange shall be cancelled.

3. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg as follows:

	Common Code (for Reg S Notes)	**ISIN (for Reg S Notes)**	**CUSIP (for Rule 144A Notes)**	**Common Code (for Rule 144A Notes)**	**ISIN (for Rule 144A Notes)**
Class A	018606372	XS0186063722	973216AA22	018622092	US973216AA22
Class X	018606496	XS0186064969	973216AC87	018622165	US973216AC87
Class B	018606518	XS0186065180	973216AD60	018622190	US973216AD60
Class C	018606615	XS0186066154	973216AE44	018622203	US973216AE44
Class D	018606658	XS0186066584	973216AF19	018622220	US973216AF19
Class E	018606666	XS0186066667	973216AG91	018622238	US973216AG91
Class F	018743205	XS0187432058	973216AH74	018824698	US973216AH74
Class G	018743272	XS0187432728	973216AJ31	018824744	US973216AJ31

4. The Issuer is not, and has not been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the 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 entered into a subscription agreement with the Managers in respect of the issue of the Notes, being a contract entered into other than in its ordinary course of business.

6. Save as disclosed herein, since 6 February 2004 (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.

7. Copies of the following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays and public holidays) at the offices of the Issuer at Fred. Roekestraat 123, 1076 EE Amsterdam, The Netherlands and at the specified offices of the Luxembourg Paying Agent in Luxembourg from the date of this document (and, in respect of items (iii)(k) and (iii)(l) only, will be made available in the future at the specified offices of the Luxembourg Paying Agent):

   (i) the Deed of Incorporation (including the Articles of Association) of the Issuer;

   (ii) the subscription agreement referred to in paragraph 5 above;

(iii) after the Issue Date, copies of the following documents:

(a) the Trust Deed;

(b) the Custody Agreement;

(c) the Asset Sale Agreement;

(d) the Deed of Charge;

(e) the Servicing Agreement;

(f) the Cash Management Agreement;

(g) the Swap Agreement;

(h) the Management Agreement;

(i) the Liquidity Facility Agreement;

(j) the Agency Agreement;

(k) the Auditor's letter in respect of the audited accounts of the Issuer; and

(l) the audited financial statements of the Issuer for each period since its incorporation, will be published annually.

RATINGS

It is a condition to their issuance that the Notes be rated as follows:

Class	S&P	Fitch
Class A	AAA	AAA
Class X	AAA	AAA
Class B	AAA	AA+
Class C	AA	AA
Class D	A	A
Class E	BBB	BBB
Class F	BBB	BBB-
Class G	BBB-	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 Mortgage Loan, structural and legal aspects associated with the Notes, and the extent to which the payment stream from the Mortgage Loan 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 Mortgage Loan;
- the likelihood or frequency of prepayments of principal on the Mortgage Loan;
- 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 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 Provider or the Swap Provider may have an adverse effect on the ratings of the Notes.

APPENDIX 1
The Issuer

Introduction

Windermere III CMBS B.V. (the "**Issuer**") was incorporated in the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 6 February 2004 for an unlimited duration.

The Issuer's registered office is situated at Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands. Its statutory seat (*statutaire zetel*) is in Amsterdam and its correspondence address is at its registered office. The Issuer is registered with the Trade Register of the Chamber of Commerce and Industry in Amsterdam under number 34202235.

The Issuer's issued share capital is €18,000 which is fully paid up and divided into 18 shares with a nominal value of €1,000 each. The entire issued share capital is owned by Stichting Windermere III CMBS (the "**Stichting**"), a foundation established under the laws of The Netherlands. The Stichting was established on 30 January 2004 and has its registered office at Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.

None of the Originator, the Trustee or any company affiliated with any of them, directly or indirectly, owns any of the share capital of the Issuer.

Corporate Purpose of the Issuer

The objects of the Issuer are as stated in Article 2 of its Articles of Association.

Principal Activities

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition and funding of the Mortgage Loan, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Notes, the Subscription Agreement, the Agency Agreement, the Trust Deed, the Deed of Charge, the Management Agreement (as defined below) and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Mortgage Loan.

Management

The Issuer is managed by its board of managing directors, who are appointed by the shareholder of the Issuer. The current managing directors (the "**Managing Directors**") and their respective business addresses and principal activities are:

Name	Business Address	Principal Activities
Mr D.P. Stolp	Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands	Managing Director of Amsterdamsch Trustee's Kantoor B.V., direct and indirect management and corporate services.
Mr J.H. Scholts	Fred. Roeskestraat 123, 1076 EE Amsterdam, The Netherlands	Managing Director of ATC Corporate Services (Netherlands) B.V., direct and indirect management and corporate services.

The Issuer has entered into a Management Agreement (the "**Management Agreement**") dated the Issue Date, pursuant to which Mr D.P. Stolp and Mr J.H. Scholts will act as Managing Directors of the Issuer and will provide management services to the Issuer.

Subsidiaries

The Issuer has no subsidiaries or affiliates.

Capitalisation and Indebtedness

The following table shows the unaudited capitalisation and indebtedness of the Issuer as at the date of this Offering Circular and as adjusted for the issuance of the Notes (all of which will be secured and unguaranteed) assuming all of the Notes are issued on the Issue Date:

	At [•] 2004 **€**	**As adjusted for issuance of Notes €**
Share Capital		
Issued and fully paid 18 ordinary shares of €1,000 each	18,000	18,000
Loan Capital		
Class A Notes	0	314,640,000
Class X Notes	0	10,000
Class B Notes	0	12,500,000
Class C Notes	0	32,500,000
Class D Notes	0	32,000,000
Class E Notes	0	53,500,000
Class F Notes	0	5,000,000
Class G Notes	0	10,000,000
Total Capitalisation	0	460,168,000

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

Financial Statements

Audited financial statements reviewed by a firm of internationally recognised independent auditors will be published by the Issuer. The first set of audited financial statements will be published in respect of the period from the date of the Issuer's incorporation to on or about 31 March 2004, and will be published annually thereafter. All future audited financial statements will be obtainable at the office of the Luxembourg Paying Agent.

The financial year of the Issuer is from 1 January to 31 December, except in respect of the first financial year of the Issuer, which began on its date of incorporation and will end on 31 December 2005.

INDEX OF DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER

Windermere III CMBS B.V.
Fred. Roeskestraat 123, 1076 EE Amsterdam
The Netherlands

TRUSTEE
ABN AMRO Trustees Limited
250 Bishopsgate
London EC2M 4AA
United Kingdom

MASTER SERVICER AND SPECIAL SERVICER
Philips International, LLC
40 Marsh Wall
London E14 9TP
United Kingdom

LEGAL ADVISERS

To the Managers
as to Swedish Law
Advokatfirman Cederquist KB
Box 1670
S-111 96 Stockholm
Sweden

To the Managers
As to English and United States Law
Clifford Chance Limited Liability Partnership
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Managers
As to Dutch Law
Clifford Chance Limited Liability Partnership
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1013 GE Amsterdam
The Netherlands

To the Trustee
As to English Law
Clifford Chance Limited Liability Partnership
10 Upper Bank Street
London E14 5JJ
United Kingdom

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London EC2N 4BN
United Kingdom

LUXEMBOURG PAYING AGENT AND TRANSFER AGENT
ABN AMRO Bank (Luxembourg) S.A.
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L-1855 Luxembourg - Kirchberg

CUSTODIAN AND REGISTRAR
LaSalle Bank National Association
Issuer Services
135 South LaSalle Street, Suite 1625
Chicago, Illinois 60603
U.S.A.

LUXEMBOURG LISTING AGENT
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