

GEMINI (ECLIPSE 2006-3) PLC

Restructuring Proposal

20 February 2009

Barclays Capital Mortgage Servicing Limited

Contents

Restructuring Proposal.....	5
Terms Used	4
Timeline.....	5
Portfolio Overview	7
Hedging Arrangements	8
Proposed Restructuring Plan	
- In Principle Agreement.....	9
- Key Objectives of the Restructuring Plan.....	10
Key Terms of the Restructuring Plan	
- Payments.....	12
- Interest Cover and LTV Testing	13
- Reserve Account and Fighting Fund Account.....	14
- Portfolio Management.....	15
- Disposals	16
- Special Servicing and Master Servicing.....	17
Cashflow Forecasts (subject to assumptions).....	18
Advantages and Disadvantages of the Proposal and Alternatives for Issuer (and Noteholders)	25
Special Servicer's View on Proposal.....	27
Next Steps	28
Schedule 1 - Structure Summary	29
Schedule 2 - Portfolio Summary.....	32
Schedule 3 - Income, Non-Recoverables and Capital Expenditure Assumptions.....	38
Disclaimer	44

Restructuring Proposal

As a result of the occurrence of Senior Loan Defaults (and corresponding Junior Loan Defaults), the Senior Loan held by Gemini (Eclipse 2006-5) plc (the "Issuer") was placed into Special Servicing on 18 August 2008. Following the occurrence of this Special Servicing Event, Barclays Capital Mortgage Servicing Limited ("BCMS"), as Special Servicer, has been considering enforcement and restructuring options. In February 2009, the Special Servicer agreed an "in principle" restructuring proposal with the Borrowers, the majority of the Junior Lenders (consent of all Junior Lenders would be required for a binding agreement) and the Hedging Provider.

In summary, the proposal involves:

- Waiver of existing breaches and exit from Special Servicing;
- Junior loan to value and junior interest cover testing removed;
- Senior Interest Cover testing reset at 1.00x for initial 3 year period; thereafter reset at 1.10x;
- Senior Loan to Value testing suspended for initial 5 year period; thereafter reset at 100% (of Senior Loan);
- All payments to Junior Lenders and Borrowers suspended until the maturity of the Senior Loan (unless transaction returns to original thresholds);
- All Junior Lender escrowed funds (and certain other funds) to be available to meet Senior Loan interest, non-recoverable costs and capital expenditure (including capital contributions to the extent available);
- Propinvest Asset Management LLP ("PAM") to continue management of properties (and to waive the fee due to it under the Management Agreements), subject to monitoring of Jones Lang LaSalle ("JLL").

The proposed restructuring terms are set out in more detail in this document, together with background information on the Properties and the Special Servicing of the Senior Loan. Further information in relation to the structure, the nature of the Propinvest portfolio and operating assumptions are set out in Schedules 1 to 3.

Terms Used

Unless otherwise defined, capitalised terms used in this document will have the meanings given to them in the Senior Credit Agreement or Intercreditor Agreement each dated 4 August 2006 (as each has been amended and restated) or the Master Definitions Schedule dated 14 November 2006.

Timeline

4 August 2006	Senior and Junior Loans made to Propinvest Borrowers by Barclays Bank PLC ("Barclays"). BCMS appointed facility agent and security trustee to Senior and Junior Loan.
14 November 2006	Barclays transferred Senior Loan to the Issuer. Purchase funded by the issue of 5 tranches of notes. BCMS appointed Master Servicer and Special Servicer under the Servicing Agreement - various powers and obligations of Issuer, Security Trustee and Facility Agent in respect of the Senior Loan delegated to BCMS in these capacities.
22 December 2006	Division of Junior Loan into First and Second Junior Tranches. Syndication of Junior Loan to various investors.
17 July 2008	Senior Loan Default - the aggregate of the Senior Loan and the Mark to Market Exposure exceeded 80% of the aggregate value of the Properties (corresponding Junior Loan default). Cash trapping of Junior Lender payments begins.
1 August 2008	BCMS (as Master Servicer) met with Propinvest to discuss progress of Project Sparkle refinancing (which would include the Gemini 2006-3 portfolio) and alternatives.
18 August 2008	Occurrence of Special Servicing Event. Legal advisors engaged by BCMS in connection with Special Servicing.
21 August 2008	BCMS (as Special Servicer) met with Propinvest to discuss progress of Project Sparkle refinancing and contingency options.
August 2008	Further defaults notified and formal requests made by Special Servicer for information from the Borrowers. Updated valuation commissioned pursuant to documents. Local counsel engaged by BCMS in connection with Special Servicing and BCMS received initial advice on its responsibilities as Special Servicer.
September through October 2008	BCMS considered enforcement and restructuring options, received legal, financial and property reports and advice.
5 September 2008	BCMS met with Propinvest to discuss progress of Project Sparkle. BCMS requested formal confirmation from lead arrangers as to status and credibility of Project Sparkle refinancing.
12 September 2008	BCMS met with lead arranger of the Project Sparkle refinancing to discuss progress/feasibility and Propinvest closed Santander acquisition (separate from Gemini (Eclipse 2006-3) transaction).
17 September 2008	BCMS met with Trustee and Corporate Services Provider to establish information protocols.

Timeline

26 September 2008	Updated valuation of Properties by CB Richard Ellis ("CBRE") and King Sturge (£801,415,000).
30 September 2008	Deloitte LLP ("Deloitte") formally engaged as financial advisor to BCMS (in respect of Special Servicing).
6 October 2008	BCMS met with Propinvest to discuss JLL property review and Deloitte financial review/diligence, Project Sparkle refinancing and contingency options. There were various meetings between Deloitte, JLL and Propinvest during October 2008 as JLL and Deloitte conducted their reviews.
8 October 2008	JLL formally engaged as strategic property advisor to BCMS (in respect of Special Servicing).
17 October 2008	Interest Payment Date, target date for completion of Project Sparkle refinancing. Breach of Senior Loan Interest Cover covenant.
20 October 2008	BCMS received draft report from Deloitte.
22 October 2008	BCMS received Lovells LLP ("Lovells") advice on enforcement options and draft property report from JLL.
12 November 2008	BCMS and its advisors met to consider enforcement and restructuring options. Decision taken to pursue consensual restructuring in absence of Project Sparkle refinancing.
19 November 2008	BCMS met with Propinvest to discuss restructuring of portfolio. Outline terms considered.
9 December 2009	Propinvest presented restructuring proposal to BCMS and the Junior Lenders.
December/January 2009	BCMS considered restructuring; prepared counter proposal and negotiated with Propinvest.
10 February 2009	BCMS presented revised restructuring proposal to the Junior Lenders and Hedging Provider.
February 2009	Restructuring proposal negotiated. Propinvest, Borrowers, majority of the Junior Lenders, Hedging Provider and BCMS agree in principle to the revised restructuring proposal.
25 February 2009	Meeting of Class E Noteholders to consider possible replacement of Special Servicer.
1 April 2009	Targeted restructuring completion date.

Portfolio Overview

CBRE and King Sturge valued (on a desk top basis) the Propinvest portfolio, as at 26 September 2008, at £801.415 million (a decline of £157.25 million (16.4%) against the previous 17 April 2008 valuation).

The Credit Agreements require valuations to be prepared on the basis of the "market value" of the Property, as that term is defined in the current Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors.

On the basis of the advice of JLL (as strategic property advisor), the Special Servicer is of the view that the current actual realisable value of the Propinvest portfolio on a forced sale is less than the 26 September 2008 valuation figure, due to continuing deteriorating conditions in the finance and property markets.

JLL has further advised that market conditions continue to be difficult, with low transaction volumes and debt availability, and that it anticipates further capital value erosion during 2009. JLL therefore expects that the underlying value of the Propinvest portfolio may come under further downward pressure in the short term.

The longer term outlook for the Propinvest portfolio is difficult to predict with any certainty. However, JLL has advised that, based on JLL's long term market forecasts, there is reason to expect that the long term realisable value of the Propinvest portfolio is likely to recover above the price that would currently be realised on a forced sale. JLL are sceptical that an orderly disposal of the entire Propinvest Portfolio could be achieved in the current difficult market circumstances without an appropriate debt package being attached. JLL also believe that some of the larger assets would have a very limited investor market given the ongoing lack of liquidity in the markets. JLL therefore supports a strategy that involves holding the portfolio rather than an attempted short term realisation through a forced sale.

PAM currently manages the Properties on behalf of the Borrowers pursuant to Management Agreements for each Property. PAM is also party to a Duty of Care Agreement with the Lenders and the Security Trustee in relation to its management of the Properties.

Propinvest Group has advised that it is not in a position to provide further equity support, given the present value of the portfolio. However, it has agreed to continue to support the portfolio through PAM which has agreed to waive the fee due to it under the Management Agreements and has informed BCMS that it intends to fund certain planning costs (as further discussed below).

Hedging Arrangements

The transaction documents include interest rate swap agreements (the "**Hedging Arrangements**") between the Borrowers and the Hedging Provider in respect of both the Senior Loan and Junior Loan. Payments to the Hedging Provider under the Hedging Arrangements rank senior to payments on the Senior Loan and Junior Loan.

Due to decreases in LIBOR, the Hedging Arrangements are currently making quarterly payments to the Hedging Provider (of approximately £610,000 to £630,000 per quarter in respect of the Junior Hedging Arrangements (the Senior Hedging Arrangements nets off against reduced Senior Loan interest payments)). These quarterly payments to (or from) the Hedging Provider fluctuate over time. Payments to the Hedging Provider are likely to increase if LIBOR drops further, or decrease if LIBOR rises.

Crystallisation of Super Priority Hedging Claims

If the Hedging Arrangements were terminated, this would crystallise super priority swap termination payments. Based on current LIBOR, it is estimated that the swap termination payment as at 19 February 2009 would be approximately £119.5m (for both swaps). This estimated termination payment could increase or decrease, depending on future movements in LIBOR.

No action can be taken by the Hedging Provider to terminate the Hedging Arrangements (and thereby crystallise the swap termination payments) unless and until "Enforcement Action" is taken in respect of the Senior Loan. BCMS is therefore of the view that the Special Servicer is required (under the Servicing Standard) to consider the impact of a possible swap termination on recoveries under the Senior Loan whenever contemplating Enforcement Action.

Proposed Restructuring Plan

In Principle Agreement

The Special Servicer has reached an "in principle" agreement to a restructuring of the Senior and Junior Loans with:

- the Borrowers/Propinvest
- the majority of the Junior Lenders
- the Hedging Provider

The in principle agreement is non-binding – agreement of detailed, binding terms is subject to:

- agreement of the detailed terms and formal documentation (including credit committee approval)
- agreement of all of the Junior Lenders
- verification of levels of non-recoverables
- discussion between Borrowers and Juniors Lenders regarding increased PIK/incentive; Junior Lender request for consultation, prior to enforcement process

These terms will be communicated to the rating agencies. Noteholder consent is not required to implement the restructuring in its current form.

Proposed Restructuring Plan

Key Objectives of the Restructuring Plan

The key objective of the proposed restructuring plan is to maximise the recovery of funds under the Senior Loan (taking into account applicable factors including the likelihood, timing and costs of such recovery of funds), in accordance with the Servicing Standard.

This proposal achieves this objective by:

- maximising cashflow and income revenue
- building reserves to assist in meeting Senior Loan interest payments, non-recoverable costs and capital expenditure through a period of further economic stress
- avoiding a fire sale of the portfolio in the short term that would crystallise losses
- avoiding crystallising super senior termination payments on (Junior and Senior) Hedging Arrangements (presently estimated to be approximately £119.5m, on present estimates it would take over two years to satisfy this liability from the cashflows)
- reducing the solvency risk for the Borrowers
- ensuring active property and asset management so as to maximise revenue and allow realisation of the portfolio in the long term at a higher value, or to facilitate a refinancing upon maturity of the Senior Loan

The key components of the proposed restructuring plan are set out on the following pages.

Key Terms of the Restructuring Plan

Key Terms of the Restructuring Plan

Payments

- **Issuer (the Senior Lender)**

Issuer will continue to receive Senior Loan interest payments (subject to cashflows).

- **Junior Lenders**

- No principal payments (including on prepayment) to the Junior Lenders until Final Maturity Date.
- All interest on the Junior Loan capitalised under payment-in-kind interest provisions for the remainder of the transaction unless:
 - portfolio returns to pre-default performance levels (compliance with ICR and LTV covenants for an appropriate period); and
 - funds standing to the credit of the Fighting Fund and Reserve Account are at agreed levels.

- **Hedging Provider**

Ongoing quarterly swap payments to Hedging Provider under Senior and Junior Hedging Arrangements will continue (subject to cashflows), and remain unaffected by the proposal.

- **Borrowers**

There will be a permanent block on all payments/distributions to the Borrowers for the remainder of the transaction.

All members of Propinvest Group to be subject to Subordination Agreement.

Key Terms of the Restructuring Plan

Interest Cover and Loan to Value Testing

- Existing Senior and Junior Loan Interest Cover and Loan to Value covenant breaches waived.
- Senior Loan Interest Cover covenant reset at 1.00x for initial three year period; thereafter it will be reset at 1.10x.
- Senior Loan to Value covenant suspended for initial five year period; thereafter it will be reset at 100% of Senior Loan.
- Reserve Account and Fighting Fund Account may be considered in Senior Loan Interest Cover calculations (to the extent necessary to meet 1.00x or 1.10x Interest Cover covenant as applicable).
- Borrowers have unlimited Senior Loan Interest Cover cure rights (cash payment) (and existing Senior Loan to Value cure rights remain). If the Borrowers use ICR cash cure rights after five years, LTV may be adjusted.
- Junior Interest Cover covenant and Loan to Value covenants waived for the remaining life of the transaction. Existing Junior Lender cure rights on Senior Loan to Value of Interest Cover breaches remain.

Key Terms of the Restructuring Plan

Reserve Account and Fighting Fund Account

- Existing General Account funds (approximately £580,000) and payments expected to be received in respect of Eddie Stobart Unit, Daventry (approximately £1.675m, following a partial lease surrender) to form a new "**Reserve Account**". Funds standing to the credit of the Reserve Account to cover potential reductions in Rental Income as a result of tenant failure/arrears.
- Amounts standing to the credit of the Junior Lender Escrow Account (approximately £3.09m) and the current Rent Account balance (approximately £1.57m) to be deposited into a new "**Fighting Fund Account**" to (amongst other things):
 - allow JLL to determine, in conjunction with PAM, the most effective way of preserving the value of the whole portfolio through targeted capex;
 - meet any non-recoverables (to the extent there is any shortfall);
 - meet the Barking tenant capital contribution (£2,545,152) due 30 March 2010; and
 - meet any other tenant capital contributions (to the extent possible) as may be required over the balance of the transaction on re-leasing any of the Properties in the portfolio.
- The Reserve Account and the Fighting Fund Account will remain in place for the balance of this transaction.
- Funds held in both accounts can be used to: (i) meet payments to be made from the other account; and (ii) cover shortfalls in calculating the Interest Cover ratios.
- Any surplus Rental Income (after meeting interest amounts payable to the Senior Lender in respect of the Senior Debt) will be paid into these accounts for the balance of the transaction (unless the portfolio returns to pre-default performance levels for minimum agreed periods).

Key Terms of the Restructuring Plan

Portfolio Management

- **Property and Asset Management**

- PAM continues to manage the portfolio (provided that such performance is to the necessary standard) and agrees to waive the fee due to it under the Management Agreements.
- Borrowers to appoint JLL to property and asset management monitoring role. This ensures retention of existing portfolio knowledge with the benefit of external advice/monitoring and avoids dislocation to cash flows. JLL fees for management/monitoring role estimated at £125,000 per quarter.
- Management Agreements and the Duty of Care Agreement updated to reflect current market practice/standards. Such changes to include (amongst others):
 - providing a process for enhanced Borrower quarterly reporting;
 - clear delineation of asset management function;
 - audit of information;
 - non-recoverable and capex itemisation and approvals procedure; and
 - provision for standby property manager and PAM removal upon failure to meet performance standards.
- Quarterly reporting to Lenders in respect of property/asset management.

- **Borrower/General Partner Oversight**

Details of Borrower/General Partner oversight to be confirmed with the Propinvest Group.

Key Terms of the Restructuring Plan

Disposals

- Any property disposals to be at the higher of: (i) Senior Required Amount and Junior Required Amount; and (ii) fair market value, unless otherwise consented to by the Senior Lender and the Majority Junior Lender.
- Any disposal proceeds will be treated in accordance with existing disposal and prepayment provisions, provided that any sale proceeds received in excess of the Senior Required Amount would be held in the Fighting Fund Account (i.e. no Junior Loan prepayment), provided that the Junior Required Amount relating to termination of the Junior Hedging Arrangements will be paid to the Hedging Provider or collateralised in its favour.
- Propinvest Group has informed BCMS that it intends to fund the planning costs for the development of five portfolio properties (Martineau Place, Birmingham; Marketgate, Wigan; Callendar Square Shopping Centre, Falkirk; Northfields Shopping Centre, Northfield; and Farringdon Street).

Key Terms of the Restructuring Plan

Special Servicing and Master Servicing

Senior Loan to be taken out of Special Servicing on completion of the restructuring. Special Servicing fee (approximately £550,000 per quarter) will cease upon exit from Special Servicing.

Assuming the restructuring is completed by 1 April 2009, the last Special Servicing fee quarterly payment would occur on 17 April 2009.

Under the documentation, the Special Servicer obtains a 1% restructuring fee on those interest (and principal) payments received by the Issuer under the Senior Loan, for so long as Senior Loan remains corrected (approximately £60,000 per quarter for ongoing interest payments (based on current LIBOR rates)). This is paid from the Issuer payment waterfall. On the Final Maturity Date (assuming the Senior Loan remains corrected) BCMS will subordinate the restructuring fee due to it (in respect of the Senior Loan principal repayments received by the Issuer on that date) to repayments of the Noteholders in full (given that the Senior Loan principal balance is presently £850,362,550 and the principal balance of the Notes is presently £850,362,050, and therefore such subordination should avoid any shortfall (over £500) on the Class E Notes provided that the Senior Loan continues to perform).

The normal Master Servicing fee (approximately £106,000 per quarter) will continue to be paid from the Issuer payment waterfall.

Portfolio Cashflow Forecasts 2009-2011

(Subject to Assumptions set out therein and in Schedule 3 and Disclaimer)

Note that income forecasts have been calculated for a three year period only, reflecting the uncertainty in the current market beyond this period. The cashflow forecasts have been calculated on the basis of both the restructuring plan occurring, and not occurring. In each case the first forecast utilises JLL's 'base case' Net Rental Income projections, followed by forecasts demonstrating further reductions of 5% and 10% to the base case Net Rental Income.

Portfolio Cashflow Forecasts 2009-2011

Restructuring Plan Occurs – No Haircut

	17/04/2009 Q1 2009	17/07/2009 Q2 2009	19/10/2009 Q3 2009	18/01/2010 Q4 2009	19/04/2010 Q1 2010	19/07/2010 Q2 2010	18/10/2010 Q3 2010	17/01/2011 Q4 2010	18/04/2011 Q1 2011	18/07/2011 Q2 2011	17/10/2011 Q3 2011	17/01/2012 Q4 2011
Net Rental Income	12,866,336	13,136,821	13,125,666	13,146,014	13,086,356	13,188,256	13,200,188	13,845,565	13,874,082	13,791,317	13,882,668	14,031,833
Escrow Rent	344,590	344,590	344,590	344,590	328,353	328,353	158,353	158,353	141,792	141,792	69,623	69,623
TOTAL INCOME	13,210,926	13,481,411	13,470,256	13,490,604	13,414,709	13,516,609	13,358,541	14,003,918	14,015,874	13,933,109	13,952,291	14,101,456
Less:												
Non-Recoverable Costs	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
Senior Interest (net of swap)	10,876,253	11,247,035	11,617,816	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,370,629
Junior Swap	611,780	630,569	648,410	625,813	623,509	618,288	613,308	608,808	603,986	598,525	594,523	599,189
Professional Fees (financial, legal)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
JLL Monitoring	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Contractual Capital Expenditure	-	-	-	-	2,545,152	-	-	-	-	-	-	-
BCMS Special Servicing Fee	553,551	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS	13,166,584	13,002,603	13,391,226	12,997,848	15,540,696	12,990,323	12,985,343	12,980,843	12,976,021	12,970,560	12,966,558	13,094,818
QUARTERLY SURPLUS	44,342	478,808	79,030	492,756	- 2,125,987	526,286	373,198	1,023,075	1,039,853	962,549	985,733	1,006,638
CUMULATIVE SURPLUS	44,342	523,150	602,180	1,094,936	- 1,031,051	- 504,765	- 131,567	891,508	1,931,361	2,893,910	3,879,643	4,886,282
Senior ICR	1.00	1.04	1.01	1.04	0.86	1.04	1.03	1.08	1.08	1.07	1.08	1.08
JLL Discretionary CapEx Budget	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Discretionary CapEx Paid	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Reserve Account	2,078,628	1,395,095	1,413,058	1,806,262	-	380,343	623,420	1,402,536	2,224,912	3,129,252	3,471,576	4,418,133
Starting bal: £ 2,255,454.00												
Fighting Fund Account	4,667,056	4,667,056	4,667,056	4,667,056	2,305,690	2,305,690	2,305,690	2,305,690	2,305,690	2,305,690	2,305,690	2,305,690

Assumptions and Notes

- Net Rental Income forecasts provided by JLL (utilising bespoke assumptions for each asset detailed in the JLL report, including that the budgeted Discretionary CapEx for that property is actually paid)
- Non-recoverable costs estimated by Propinvest at £3.5m p.a.
- The Senior Loan swap nets out against ongoing Senior Loan interest payments, therefore LIBOR movements are neutral on the Senior Loan interest amounts
- The quarterly Junior swap payment is based on LIBOR as at 19 January 2009 of approximately 2.24% (and assumes this rate will continue)
- A reduction in LIBOR would increase the Junior swap payments (and a LIBOR increase would reduce swap payments)
- Professional fees (legal and financial advisors) estimated at £125k per quarter once Special Servicing ceases
- JLL monitoring fees estimated at £125k per quarter (if PAM removed, this would increase to approx £250k per quarter as replacement Managing Agent)
- Reserve Account is comprised of (at the outset): (i) the anticipated £1.675m from the partial Daventry lease surrender; and (ii) £580k currently in the General Account
- Surplus rental income funds (after CapEx) are paid into the Reserve Account
- Fighting Fund Account is comprised of (at the outset): (i) £3.06m currently in the Junior Loan Escrow Account; and (ii) £1.57m currently in the Rent Account
- Senior ICR calculated here without the benefit of the Reserve Account and Fighting Fund Account top-up for covenant testing purposes

Portfolio Cashflow Forecasts 2009-2011

Restructuring Plan Occurs – 5% Haircut

	17/04/2009 Q1 2009	17/07/2009 Q2 2009	19/10/2009 Q3 2009	18/01/2010 Q4 2009	19/04/2010 Q1 2010	19/07/2010 Q2 2010	18/10/2010 Q3 2010	17/01/2011 Q4 2010	18/04/2011 Q1 2011	18/07/2011 Q2 2011	17/10/2011 Q3 2011	17/01/2012 Q4 2011
Net Rental Income	12,866,336	13,136,821	13,125,666	13,146,014	13,086,356	13,188,256	13,200,188	13,845,565	13,874,082	13,791,317	13,882,668	14,031,833
Less: 5% Haircut	- 643,317	- 656,841	- 656,283	- 657,301	- 654,318	- 659,413	- 660,009	- 692,278	- 693,704	- 689,566	- 694,133	- 701,592
Escrow Rent	344,590	344,590	344,590	344,590	328,353	328,353	158,353	158,353	141,792	141,792	69,623	69,623
TOTAL INCOME	12,567,609	12,824,570	12,813,973	12,833,303	12,760,391	12,857,196	12,698,532	13,311,640	13,322,170	13,243,543	13,258,158	13,399,864
Less:												
Non-Recoverable Costs	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
Senior Interest (net of swap)	10,876,253	11,247,035	11,617,816	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,370,629
Junior Swap	611,780	630,569	648,410	625,813	623,509	618,288	613,308	608,808	603,986	598,525	594,523	599,189
Professional Fees (financial, legal)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
JLL Monitoring	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Contractual Capital Expenditure	-	-	-	-	2,545,152	-	-	-	-	-	-	-
BCMS Special Servicing Fee	553,551	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS	13,166,584	13,002,603	13,391,226	12,997,848	15,540,696	12,990,323	12,985,343	12,980,843	12,976,021	12,970,560	12,966,558	13,094,818
QUARTERLY SURPLUS	- 598,975	- 178,034	- 577,253	- 164,544	- 2,780,305	- 133,127	- 286,811	330,797	346,149	272,983	291,600	305,047
CUMULATIVE SURPLUS	- 598,975	- 777,008	- 1,354,261	- 1,518,806	- 4,299,111	- 4,432,237	- 4,719,049	- 4,388,252	- 4,042,103	- 3,769,120	- 3,477,520	- 3,172,473
Senior ICR	0.95	0.99	0.96	0.99	0.82	0.99	0.98	1.03	1.03	1.02	1.02	1.02
JLL Discretionary CapEx Budget	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Discretionary CapEx Paid	221,168	1,162,341	61,067	99,552	984,335	-	-	-	217,477	58,209	545,905	60,082
Reserve Account	1,435,311	94,937	-	-	-	-	-	-	-	-	-	-
Starting bal: £ 2,255,454.00												
Fighting Fund Account	4,667,056	4,667,056	4,028,736	3,764,639	-	133,127	419,938	89,141	39,530	254,305	-	244,965

Assumptions and Notes

- Net Rental Income forecasts provided by JLL (utilising bespoke assumptions for each asset detailed in the JLL report, including that the budgeted Discretionary CapEx for that property is actually paid)
- Non-recoverable costs estimated by Propinvest at £3.5m p.a.
- The Senior Loan swap nets out against ongoing Senior Loan interest payments, therefore LIBOR movements are neutral on the Senior Loan interest amounts
- The quarterly Junior swap payment is based on LIBOR as at 19 January 2009 of approximately 2.24% (and assumes this rate will continue)
- A reduction in LIBOR would increase the Junior swap payments (and a LIBOR increase would reduce swap payments)
- Professional fees (legal and financial advisors) estimated at £125k per quarter once Special Servicing ceases
- JLL monitoring fees estimated at £125k per quarter (if PAM removed, this would increase to approx £250k per quarter as replacement Managing Agent)
- Reserve Account is comprised of (at the outset): (i) the anticipated £1.675m from the partial Daventry lease surrender; and (ii) £580k currently in the General Account
- Surplus rental income funds (after CapEx) are paid into the Reserve Account
- Fighting Fund Account is comprised of (at the outset): (i) £3.06m currently in the Junior Loan Escrow Account; and (ii) £1.57m currently in the Rent Account
- Senior ICR calculated here without the benefit of the Reserve Account and Fighting Fund Account top-up for covenant testing purposes

Portfolio Cashflow Forecasts 2009-2011

Restructuring Plan Occurs – 10% Haircut

	17/04/2009 Q1 2009	17/07/2009 Q2 2009	19/10/2009 Q3 2009	18/01/2010 Q4 2009	19/04/2010 Q1 2010	19/07/2010 Q2 2010	18/10/2010 Q3 2010	17/01/2011 Q4 2010	18/04/2011 Q1 2011	18/07/2011 Q2 2011	17/10/2011 Q3 2011	17/01/2012 Q4 2011
Net Rental Income	12,866,336	13,136,821	13,125,666	13,146,014	13,086,356	13,188,256	13,200,188	13,845,565	13,874,082	13,791,317	13,882,668	14,031,833
Less: 10% Haircut	- 1,286,634	- 1,313,682	- 1,312,567	- 1,314,601	- 1,308,636	- 1,318,826	- 1,320,019	- 1,384,557	- 1,387,408	- 1,379,132	- 1,388,267	- 1,403,183
Escrow Rent	344,590	344,590	344,590	344,590	328,353	328,353	158,353	158,353	141,792	141,792	69,623	69,623
TOTAL INCOME	11,924,292	12,167,729	12,157,689	12,176,003	12,106,073	12,197,783	12,038,522	12,619,362	12,628,466	12,553,977	12,564,024	12,698,273
Less:												
Non-Recoverable Costs	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
Senior Interest (net of swap)	10,876,253	11,247,035	11,617,816	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,370,629
Junior Swap	611,780	630,569	648,410	625,813	623,509	618,288	613,308	608,808	603,986	598,525	594,523	599,189
Professional Fees (financial, legal)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
JLL Monitoring	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Contractual Capital Expenditure	-	-	-	-	2,545,152	-	-	-	-	-	-	-
BCMS Special Servicing Fee	553,551	-	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS	13,166,584	13,002,603	13,391,226	12,997,848	15,540,696	12,990,323	12,985,343	12,980,843	12,976,021	12,970,560	12,966,558	13,094,818
QUARTERLY SURPLUS	- 1,242,291	- 834,875	- 1,233,537	- 821,845	- 3,434,623	- 792,540	- 946,821	- 361,481	- 347,556	- 416,582	- 402,534	- 396,545
CUMULATIVE SURPLUS	- 1,242,291	- 2,077,166	- 3,310,702	- 4,132,548	- 7,567,170	- 8,359,710	- 9,306,530	- 9,668,012	-10,015,567	-10,432,150	-10,834,683	-11,231,229
Senior ICR	0.91	0.94	0.91	0.94	0.78	0.94	0.93	0.97	0.97	0.97	0.97	0.97
JLL Discretionary CapEx Budget	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Discretionary CapEx Paid	221,168	1,162,341	61,067	99,552	-	-	-	-	-	-	-	-
Reserve Account	791,995	-	-	-	-	-	-	-	-	-	-	-
Starting bal: £ 2,255,454.00												
Fighting Fund Account	4,667,056	3,461,835	2,167,232	1,245,834	- 2,188,788	- 2,981,328	- 3,928,148	- 4,289,630	- 4,637,185	- 5,053,768	- 5,456,301	- 5,852,847

Assumptions and Notes

- Net Rental Income forecasts provided by JLL (utilising bespoke assumptions for each asset detailed in the JLL report, including that the budgeted Discretionary CapEx for that property is actually paid)
- Non-recoverable costs estimated by Propinvest at £3.5m p.a.
- The Senior Loan swap nets out against ongoing Senior Loan interest payments, therefore LIBOR movements are neutral on the Senior Loan interest amounts
- The quarterly Junior swap payment is based on LIBOR as at 19 January 2009 of approximately 2.24% (and assumes this rate will continue)
- A reduction in LIBOR would increase the Junior swap payments (and a LIBOR increase would reduce swap payments)
- Professional fees (legal and financial advisors) estimated at £125k per quarter once Special Servicing ceases
- JLL monitoring fees estimated at £125k per quarter (if PAM removed, this would increase to approx £250k per quarter as replacement Managing Agent)
- Reserve Account is comprised of (at the outset): (i) the anticipated £1.675m from the partial Daventry lease surrender; and (ii) £580k currently in the General Account
- Surplus rental income funds (after CapEx) are paid into the Reserve Account
- Fighting Fund Account is comprised of (at the outset): (i) £3.06m currently in the Junior Loan Escrow Account; and (ii) £1.57m currently in the Rent Account
- Senior ICR calculated here without the benefit of the Reserve Account and Fighting Fund Account top-up for covenant testing purposes

Portfolio Cashflow Forecasts 2009-2011

No Restructuring Plan – No Haircut

	17/04/2009 Q1 2009	17/07/2009 Q2 2009	19/10/2009 Q3 2009	18/01/2010 Q4 2009	19/04/2010 Q1 2010	19/07/2010 Q2 2010	18/10/2010 Q3 2010	17/01/2011 Q4 2010	18/04/2011 Q1 2011	18/07/2011 Q2 2011	17/10/2011 Q3 2011	17/01/2012 Q4 2011
Net Rental Income	12,866,336	13,136,821	13,125,666	13,146,014	13,086,356	13,188,256	13,200,188	13,845,565	13,874,082	13,791,317	13,882,668	14,031,833
Escrow Rent	344,590	344,590	344,590	344,590	328,353	328,353	158,353	158,353	141,792	141,792	69,623	69,623
TOTAL INCOME	13,210,926	13,481,411	13,470,256	13,490,604	13,414,709	13,516,609	13,358,541	14,003,918	14,015,874	13,933,109	13,952,291	14,101,456
Less:												
Non-Recoverable Costs	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
Senior Interest (net of swap)	10,876,253	11,247,035	11,617,816	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,370,629
Junior Swap	611,780	630,569	648,410	625,813	623,509	618,288	613,308	608,808	603,986	598,525	594,523	599,189
Professional Fees (property, legal, financial)	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Contractual Capital Expenditure					2,545,152							
BCMS Special Servicing Fee	553,551	572,422	591,293	572,422	572,422	572,422	572,422	572,422	572,422	572,422	572,422	578,712
TOTAL COSTS	13,166,584	13,575,026	13,982,519	13,570,270	16,113,118	13,562,745	13,557,765	13,553,265	13,548,443	13,542,982	13,538,980	13,673,530
QUARTERLY SURPLUS	44,342	93,615	512,263	79,666	2,698,409	46,136	199,224	450,653	467,431	390,127	413,311	427,926
CUMULATIVE SURPLUS	44,342	49,272	561,536	641,201	3,339,610	3,385,747	3,584,971	3,134,318	2,666,887	2,276,760	1,863,449	1,435,523
Snr ICR	1.00	0.99	0.96	0.99	0.83	1.00	0.99	1.03	1.03	1.03	1.03	1.03
JLL Discretionary CapEx Budget	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Discretionary CapEx Paid	221,168	1,162,341	61,067	99,552	-	-	-	-	-	7,152	413,311	60,082
Combined balance of:												
Rent Account and General Account	3,651,214	2,395,259	1,821,928	1,642,711	1,055,698	1,101,835	1,301,059	850,406	382,975	-	-	0
Starting bal: £ 3,828,040.00												

Assumptions and Notes

- Net Rental Income forecasts provided by JLL (utilising bespoke assumptions for each asset detailed in the JLL report, including that the budgeted Discretionary CapEx for that property is actually paid)
- Non-recoverable costs estimated by Propinvest at £3.5m p.a.
- The Senior Loan swap nets out against ongoing Senior Loan interest payments, therefore LIBOR movements are neutral on the Senior Loan interest amounts
- The quarterly Junior swap payment is based on LIBOR as at 19 January 2009 of approximately 2.24% (and assumes this rate will continue)
- A reduction in LIBOR would increase the Junior swap payments (and a LIBOR increase would reduce swap payments)
- Professional fees (property, legal and financial advisors) estimated at £250k assuming Special Servicing continues
- Rent Account and General Account balances combined in this spreadsheet for convenience
- The Rent Account and General Account starting balances:
 - assume receipt of the £1.675m anticipated from the partial Daventry lease surrender
 - include £580k currently in the General Account; and
 - include £1.57m currently in the Rent Account
- The Junior Loan Escrow Rent Account is not included as this would be unavailable until Enforcement Action was taken

Portfolio Cashflow Forecasts 2009-2011

No Restructuring Plan – 5% Haircut

	17/04/2009 Q1 2009	17/07/2009 Q2 2009	19/10/2009 Q3 2009	18/01/2010 Q4 2009	19/04/2010 Q1 2010	19/07/2010 Q2 2010	18/10/2010 Q3 2010	17/01/2011 Q4 2010	18/04/2011 Q1 2011	18/07/2011 Q2 2011	17/10/2011 Q3 2011	17/01/2012 Q4 2011
Net Rental Income	12,866,336	13,136,821	13,125,666	13,146,014	13,086,356	13,188,256	13,200,188	13,845,565	13,874,082	13,791,317	13,882,668	14,031,833
Less: 5% Haircut	- 643,317	- 656,841	- 656,283	- 657,301	- 654,318	- 659,413	- 660,009	- 692,278	- 693,704	- 689,566	- 694,133	- 701,592
Escrow Rent	344,590	344,590	344,590	344,590	328,353	328,353	158,353	158,353	141,792	141,792	69,623	69,623
TOTAL INCOME	12,567,609	12,824,570	12,813,973	12,833,303	12,760,391	12,857,196	12,698,532	13,311,640	13,322,170	13,243,543	13,258,158	13,399,864
Less:												
Non-Recoverable Costs	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
Senior Interest (net of swap)	10,876,253	11,247,035	11,617,816	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,370,629
Junior Swap	611,780	630,569	648,410	625,813	623,509	618,288	613,308	608,808	603,986	598,525	594,523	599,189
Professional Fees (property, legal, financial)	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Contractual Capital Expenditure					2,545,152							
BCMS Special Servicing Fee	553,551	572,422	591,293	572,422	572,422	572,422	572,422	572,422	572,422	572,422	572,422	578,712
TOTAL COSTS	13,166,584	13,575,026	13,982,519	13,570,270	16,113,118	13,562,745	13,557,765	13,553,265	13,548,443	13,542,982	13,538,980	13,673,530
QUARTERLY SURPLUS	- 598,975	- 750,456	- 1,168,546	- 736,967	- 3,352,727	- 705,549	- 859,233	- 241,625	- 226,274	- 299,439	- 280,822	- 273,666
CUMULATIVE SURPLUS	- 598,975	- 1,349,430	- 2,517,977	- 3,254,943	- 6,607,670	- 7,313,219	- 8,172,453	- 8,414,078	- 8,640,351	- 8,939,790	- 9,220,612	- 9,494,278
Snr ICR	0.95	0.94	0.92	0.95	0.79	0.95	0.94	0.98	0.98	0.98	0.98	0.98
JLL Discretionary CapEx Budget	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Discretionary CapEx Paid	221,168	1,162,341	-	-	-	-	-	-	-	-	-	-
Combined balance of: Rent Account and General Account	3,007,897	1,095,101	- 73,446	- 810,412	- 4,163,139	- 4,868,688	- 5,727,922	- 5,969,547	- 6,195,820	- 6,495,259	- 6,776,081	- 7,049,747
Starting bal: £ 3,828,040.00												

Assumptions and Notes

- Net Rental Income forecasts provided by JLL (utilising bespoke assumptions for each asset detailed in the JLL report, including that the budgeted Discretionary CapEx for that property is actually paid)
- Non-recoverable costs estimated by Propinvest at £3.5m p.a.
- The Senior Loan swap nets out against ongoing Senior Loan interest payments, therefore LIBOR movements are neutral on the Senior Loan interest amounts
- The quarterly Junior swap payment is based on LIBOR as at 19 January 2009 of approximately 2.24% (and assumes this rate will continue)
- A reduction in LIBOR would increase the Junior swap payments (and a LIBOR increase would reduce swap payments)
- Professional fees (property, legal and financial advisors) estimated at £250k assuming Special Servicing continues
- Rent Account and General Account balances combined in this spreadsheet for convenience
- The Rent Account and General Account starting balances:
 - assume receipt of the £1.675m anticipated from the partial Daventry lease surrender
 - include £580k currently in the General Account; and
 - include £1.57m currently in the Rent Account
- The Junior Loan Escrow Rent Account is not included as this would be unavailable until Enforcement Action was taken

Portfolio Cashflow Forecasts 2009-2011

No Restructuring Plan – 10% Haircut

	17/04/2009 Q1 2009	17/07/2009 Q2 2009	19/10/2009 Q3 2009	18/01/2010 Q4 2009	19/04/2010 Q1 2010	19/07/2010 Q2 2010	18/10/2010 Q3 2010	17/01/2011 Q4 2010	18/04/2011 Q1 2011	18/07/2011 Q2 2011	17/10/2011 Q3 2011	17/01/2012 Q4 2011
Net Rental Income	12,866,336	13,136,821	13,125,666	13,146,014	13,086,356	13,188,256	13,200,188	13,845,565	13,874,082	13,791,317	13,882,668	14,031,833
Less: 10% Haircut	- 1,286,634	- 1,313,682	- 1,312,567	- 1,314,601	- 1,308,636	- 1,318,826	- 1,320,019	- 1,384,557	- 1,387,408	- 1,379,132	- 1,388,267	- 1,403,183
Escrow Rent	344,590	344,590	344,590	344,590	328,353	328,353	158,353	158,353	141,792	141,792	69,623	69,623
TOTAL INCOME	11,924,292	12,167,729	12,157,689	12,176,003	12,106,073	12,197,783	12,038,522	12,619,362	12,628,466	12,553,977	12,564,024	12,698,273
Less:												
Non-Recoverable Costs	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000	875,000
Senior Interest (net of swap)	10,876,253	11,247,035	11,617,816	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,247,035	11,370,629
Junior Swap	611,780	630,569	648,410	625,813	623,509	618,288	613,308	608,808	603,986	598,525	594,523	599,189
Professional Fees (property, legal, financial)	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Contractual Capital Expenditure					2,545,152							
BCMS Special Servicing Fee	553,551	572,422	591,293	572,422	572,422	572,422	572,422	572,422	572,422	572,422	572,422	578,712
TOTAL COSTS	13,166,584	13,575,026	13,982,519	13,570,270	16,113,118	13,562,745	13,557,765	13,553,265	13,548,443	13,542,982	13,538,980	13,673,530
QUARTERLY SURPLUS	- 1,242,291	- 1,407,297	- 1,824,830	- 1,394,267	- 4,007,045	- 1,364,962	- 1,519,243	- 933,903	- 919,978	- 989,005	- 974,956	- 975,258
CUMULATIVE SURPLUS	- 1,242,291	- 2,649,588	- 4,474,418	- 5,868,685	- 9,875,730	- 11,240,692	- 12,759,934	- 13,693,838	- 14,613,815	- 15,602,820	- 16,577,776	- 17,553,033
Snr ICR	0.91	0.90	0.87	0.90	0.75	0.90	0.89	0.93	0.93	0.93	0.93	0.93
JLL Discretionary CapEx Budget	221,168	1,162,341	61,067	99,552	2,041,641	145,943	130,121	243,959	217,477	58,209	643,409	60,082
Discretionary CapEx Paid	221,168	957,284	-	-	-	-	-	-	-	-	-	-
Combined balance of: Rent Account and General Account	2,364,581	0	- 1,824,830	- 3,219,097	- 7,226,142	- 8,591,103	- 10,110,346	- 11,044,250	- 11,964,227	- 12,953,232	- 13,928,188	- 14,903,445
Starting bal: £ 3,828,040.00												

Assumptions and Notes

- Net Rental Income forecasts provided by JLL (utilising bespoke assumptions for each asset detailed in the JLL report, including that the budgeted Discretionary CapEx for that property is actually paid)
- Non-recoverable costs estimated by Propinvest at £3.5m p.a.
- The Senior Loan swap nets out against ongoing Senior Loan interest payments, therefore LIBOR movements are neutral on the Senior Loan interest amounts
- The quarterly Junior swap payment is based on LIBOR as at 19 January 2009 of approximately 2.24% (and assumes this rate will continue)
- A reduction in LIBOR would increase the Junior swap payments (and a LIBOR increase would reduce swap payments)
- Professional fees (property, legal and financial advisors) estimated at £250k assuming Special Servicing continues
- Rent Account and General Account balances combined in this spreadsheet for convenience
- The Rent Account and General Account starting balances:
 - assume receipt of the £1.675m anticipated from the partial Daventry lease surrender
 - include £580k currently in the General Account; and
 - include £1.57m currently in the Rent Account
- The Junior Loan Escrow Rent Account is not included as this would be unavailable until Enforcement Action was taken

Advantages and Disadvantages of the Proposal and Alternatives for Issuer (and Noteholders)

	RESTRUCTURING PROPOSAL	NO RESTRUCTURING - REMAIN IN SPECIAL SERVICING	ENFORCEMENT OF SENIOR LOAN AND SALE OF PROPERTIES
ADVANTAGES	<p>Maximises funds to continue meeting Senior Loan interest</p> <p>No immediate crystallisation of super priority Hedging Arrangement termination payments (present estimate £119.5m)</p> <p>No crystallisation of losses on portfolio, preserve potential for recovery in portfolio value</p> <p>Junior Lender Escrow Account funds (approximately £5.1m) available to meet Senior Loan interest, non-recoverable costs and capital expenditure requirements</p> <p>Junior Lender and Borrower payments blocked until Senior Loan maturity</p> <p>Senior Loan exits Special Servicing, reducing associated costs (currently approximately £550,000 per quarter, plus advisor fees)</p> <p>PAM carries out property/asset management role and agrees to waive the fee due to it under the Management Agreements, subject to JLL monitoring</p> <p>Reduced solvency risk for Borrowers/General Partners</p> <p>Avoids enforcement costs</p> <p>Propinvest Group proposes to fund planning costs of five portfolio properties for the benefit of the estate</p> <p>Ability to enforce Senior Loan retained in respect of modified covenants and payment default</p>	<p>No immediate crystallisation of super priority Hedging Arrangement termination payments</p> <p>Junior Lender and Borrower payments blocked until Senior Loan maturity or defaults cured</p> <p>No restriction on ability to enforce Senior Loan</p> <p>No crystallisation of losses on portfolio, preserve potential for recovery in portfolio value</p> <p>Avoids enforcement costs</p>	<p>Likely to allow some repayment on the Senior Loan in the short term</p> <p>Avoids risk of further decline in portfolio value</p> <p>Avoids risk of larger Hedging Arrangement termination payment should LIBOR fall further</p>

Advantages and Disadvantages of the Proposal and Alternatives for Issuer (and Noteholders)

	RESTRUCTURING PROPOSAL	NO RESTRUCTURING - REMAIN IN SPECIAL SERVICING	ENFORCEMENT OF SENIOR LOAN AND SALE OF PROPERTIES
DISADVANTAGES	<p>Ability to enforce Senior Loan has been restricted by reset Interest Cover and Loan to Value covenants;</p> <p>Loan to Value and Interest Cover thresholds when reintroduced, at lower levels</p> <p>No certainty as to recovery in portfolio value</p> <p>Ongoing fees for JLL and other professional advisors in connection with monitoring role</p> <p>Possibility of increased losses on Hedging Arrangements should LIBOR fall further</p>	<p>Senior Loan Special Servicing continues, with associated costs (currently approximately £550,000 per quarter, plus advisor fees)</p> <p>No third party monitoring of PAM property/asset management role</p> <p>Junior Lender Escrow Account funds not available (unless Enforcement Action taken under Senior Loan)</p> <p>Propinvest Group does not fund planning costs of five portfolio properties</p> <p>Less available funds to meet Senior Loan interest payment shortfalls; unclear whether payment default would occur during next three years</p> <p>No certainty as to recovery in portfolio value. Less funds available for capital expenditure</p> <p>No improvement to solvency risk position for Borrowers/General Partners</p>	<p>Hedging Arrangements likely to be terminated, crystallising termination payment to Hedging Provider of approximately £119.5m, ranking ahead of Senior Loan</p> <p>Sale of portfolio in present market likely to realise less than £800 million</p> <p>Full recovery for Noteholders unlikely</p> <p>Costs of receivers and advisors upon complex multi-jurisdictional enforcement</p>

Special Servicer's View on Proposal

BCMS, as Special Servicer, has negotiated and agreed in principle the restructuring proposal outlined in this document with the Borrower (and the majority of the Junior Lenders and the Hedging Provider) over a 3 month period.

BCMS has considered the merits of this proposal, and its alternatives, based on its full analysis of current market conditions, the portfolio, the documentation and the comprehensive advice of its advisors (being JLL, Deloitte LLP and Lovells LLP).

BCMS is of the view that the restructuring proposal as outlined in this document represents the best opportunity presently available to the Issuer to maximise recoveries under the Senior Loan.

Next Steps

A meeting of the Class E Noteholders has been convened to meet on 25 February 2009 to consider whether to pass a resolution to remove BCMS as Special Servicer.

If the removal resolution is not passed, BCMS will seek to finalise and agree the terms of the restructuring with the Borrowers, all of the Junior Lenders and the Hedging Provider in line with the principles outlined in this document. The targeted date for completion of the restructuring is 1 April 2009 (prior to 17 April 2009 Interest Payment Date).

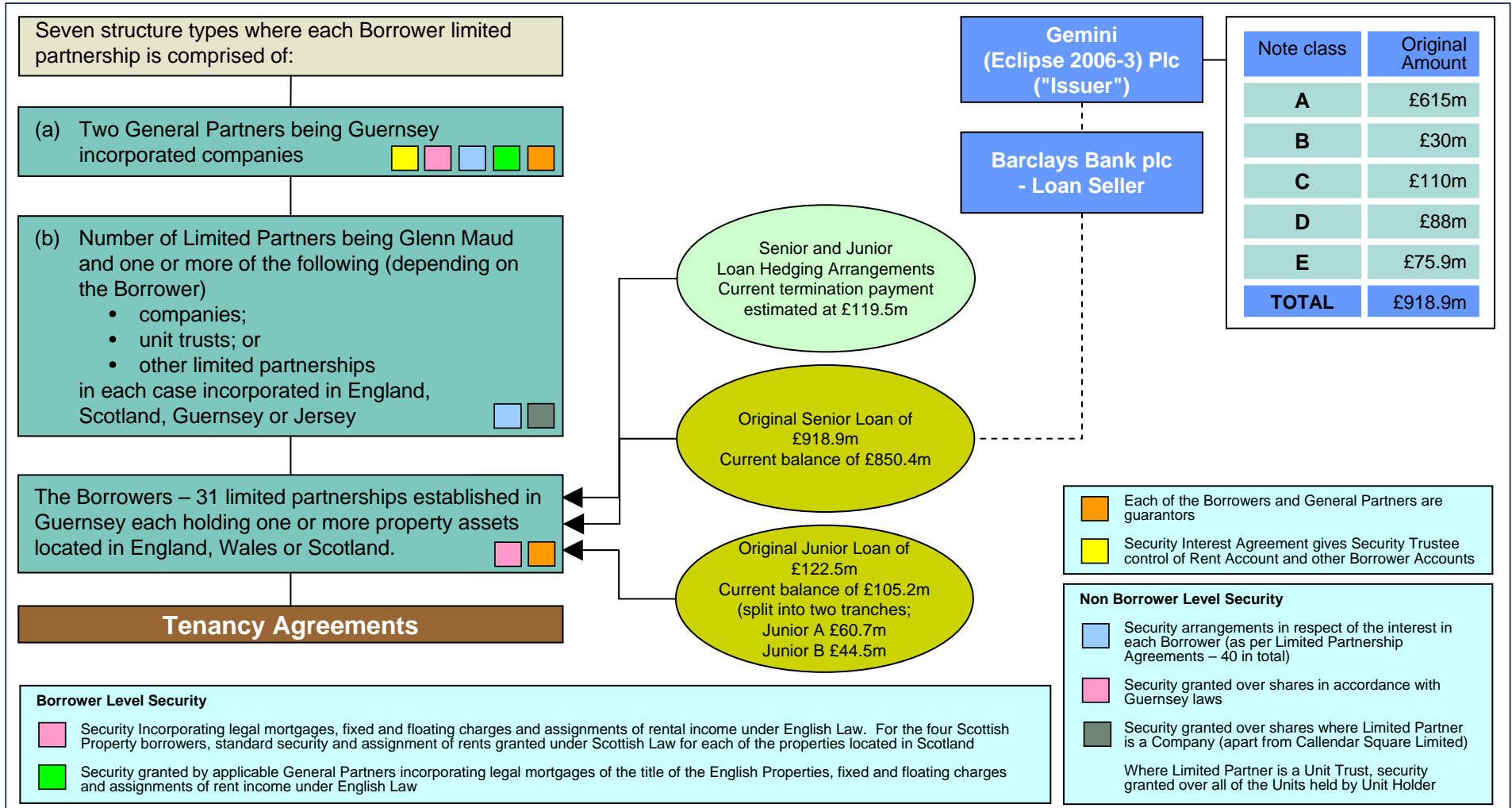
If the removal resolution is passed, BCMS will prepare for handover of the Special Servicing function to CB Richard Ellis Loan Servicing Limited (handover would occur on 18 March 2009). BCMS is of the view that it would not be appropriate for it to take any further steps to implement the restructuring proposal outlined in this document prior to the handover, given that BCMS would expect the replacement Special Servicer would wish to form its own view on the merits of any restructuring (having obtained suitable property, financial and legal advice).

Schedule 1

Structure Summary

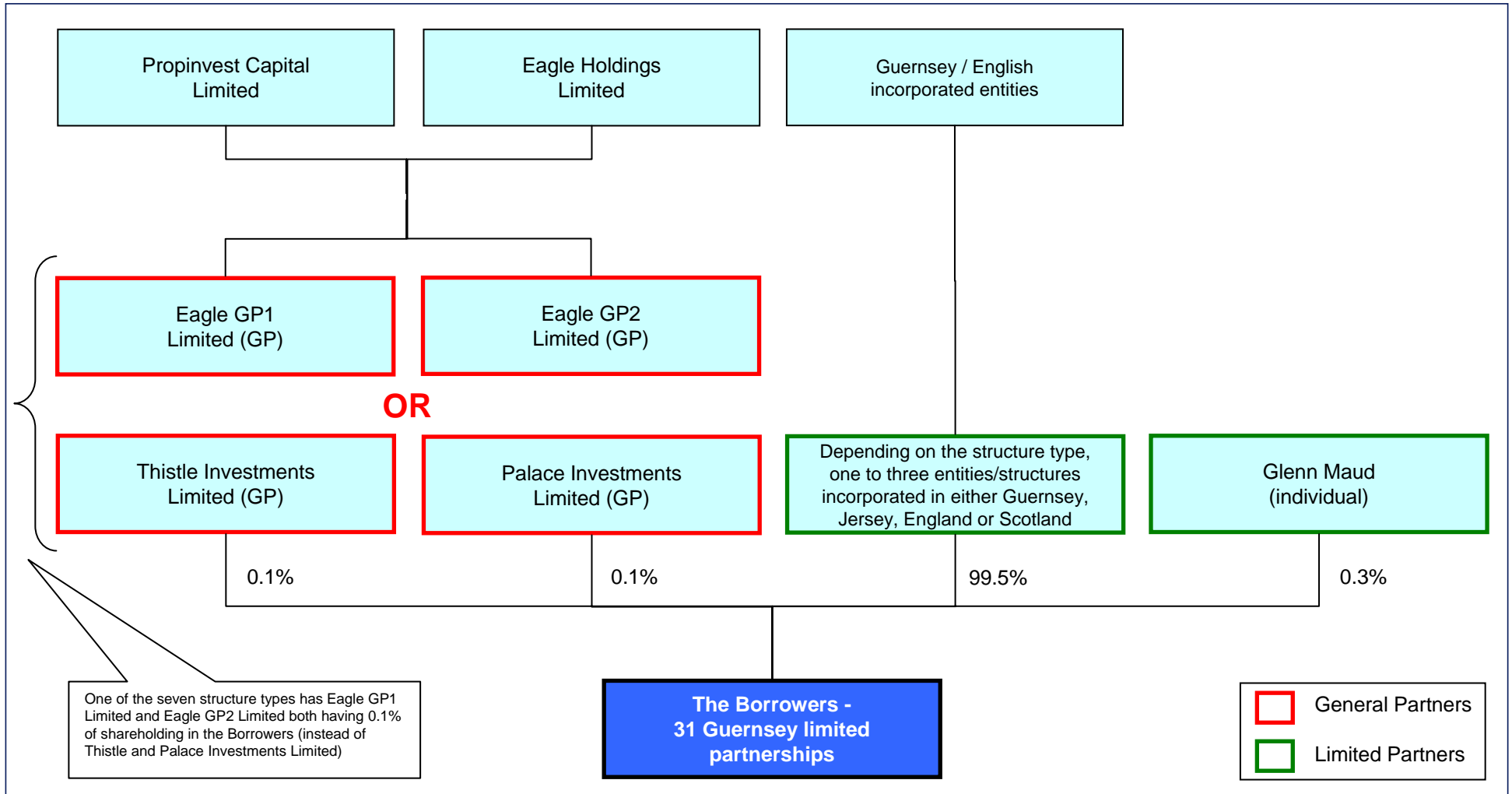
Brief Structure Summary

Pursuant to the Credit and Intercreditor Agreements, the Borrowers, General Partners, Limited Partners and various other parties have granted Borrower and Non-Borrower Level Security



Summary of Borrower Structures

There are seven distinct Borrower structure types, these can be broadly summarised as follows:

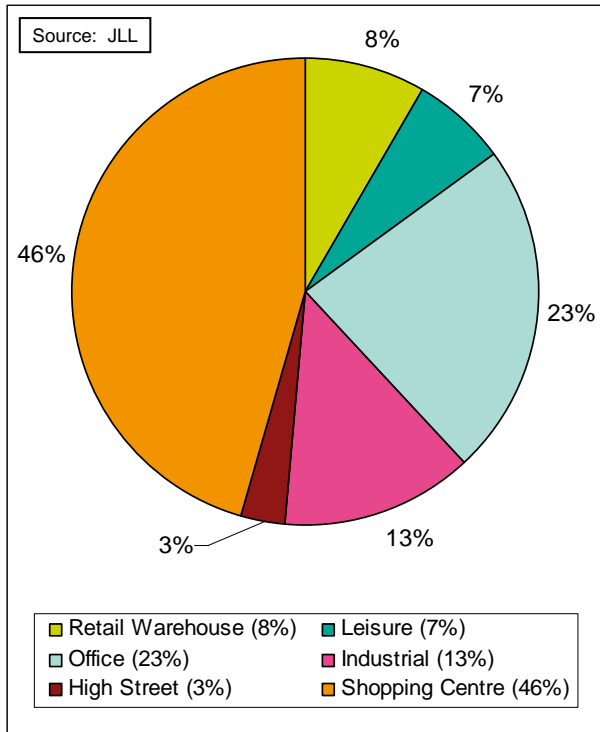


Schedule 2

Portfolio Summary

Portfolio Summary

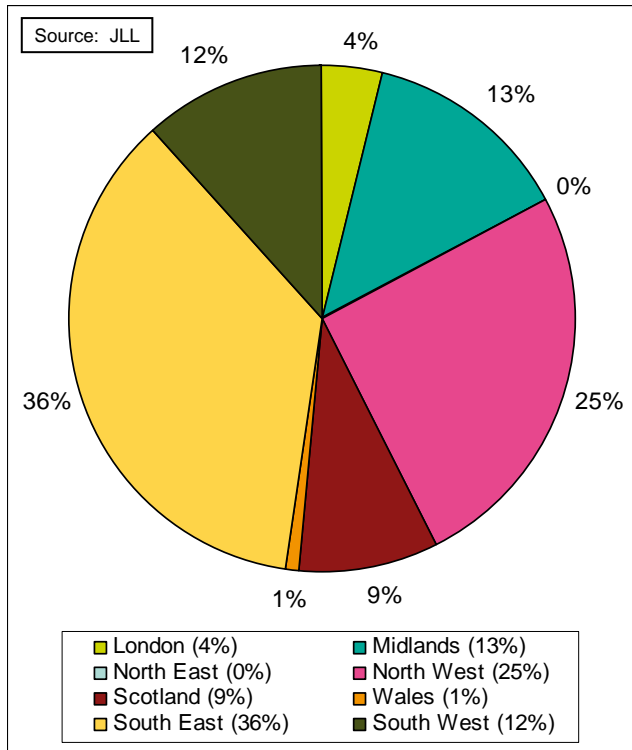
Portfolio Split by Capital Value Across Sectors



The portfolio has a heavy weighting in the retail sectors. This is mainly derived from exposure to a few large key assets such as Martineau Place in Birmingham and The Galleries in Wigan.

Portfolio Summary

Portfolio Split by Capital Value Across Regions



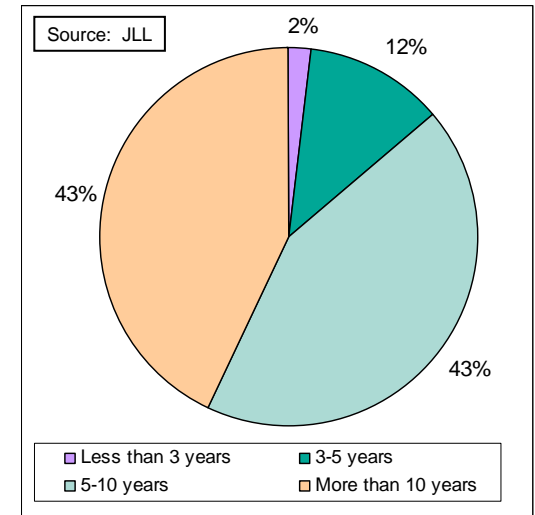
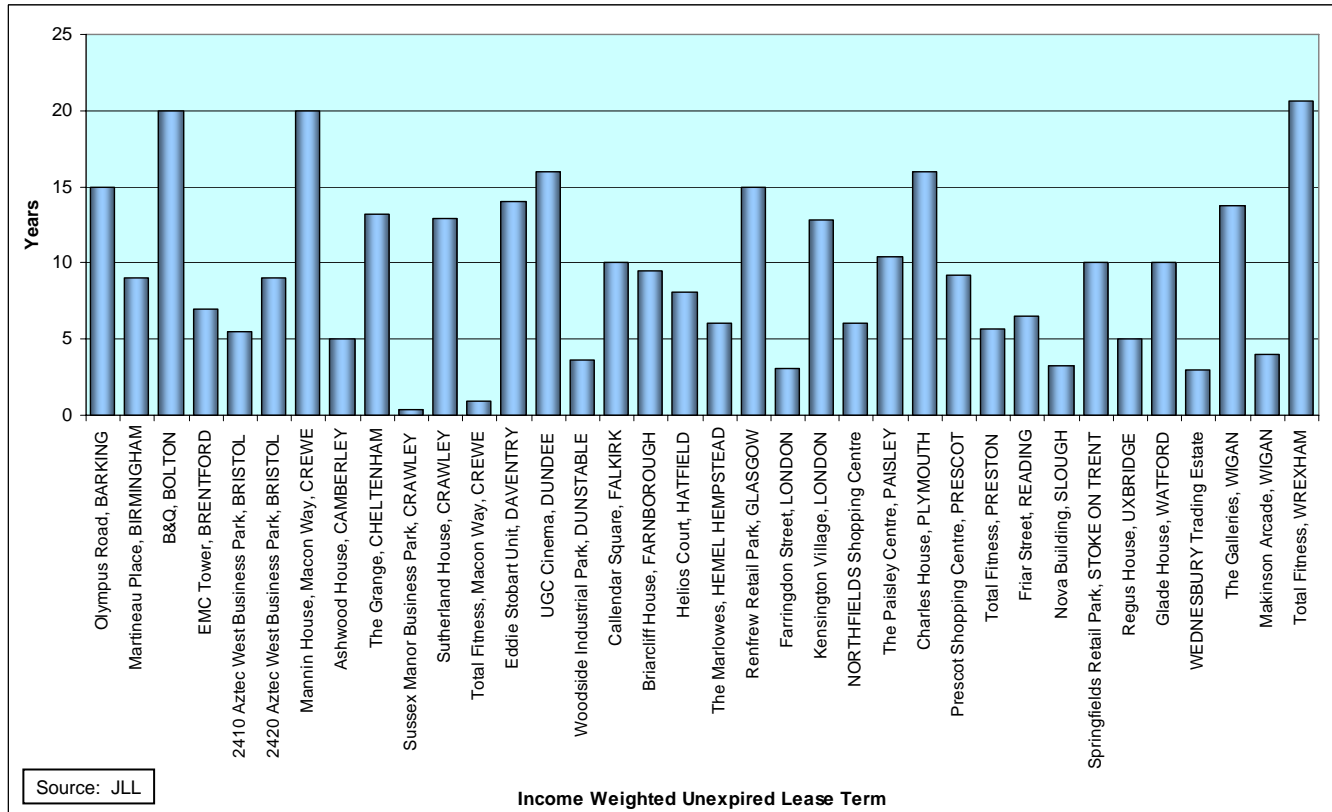
The portfolio has a significant weighting in the South East, the Midlands (skewed by Martineau Place) and the North West.

Traditionally, portfolios skewed towards London and the South East have provided the most robust performance. However the current financial problems in the banking sector may make central London more susceptible in the short term.

Overall the portfolio has a broad geographical diversification across the United Kingdom.

Portfolio Summary

Portfolio Income Weighted Unexpired Lease Term

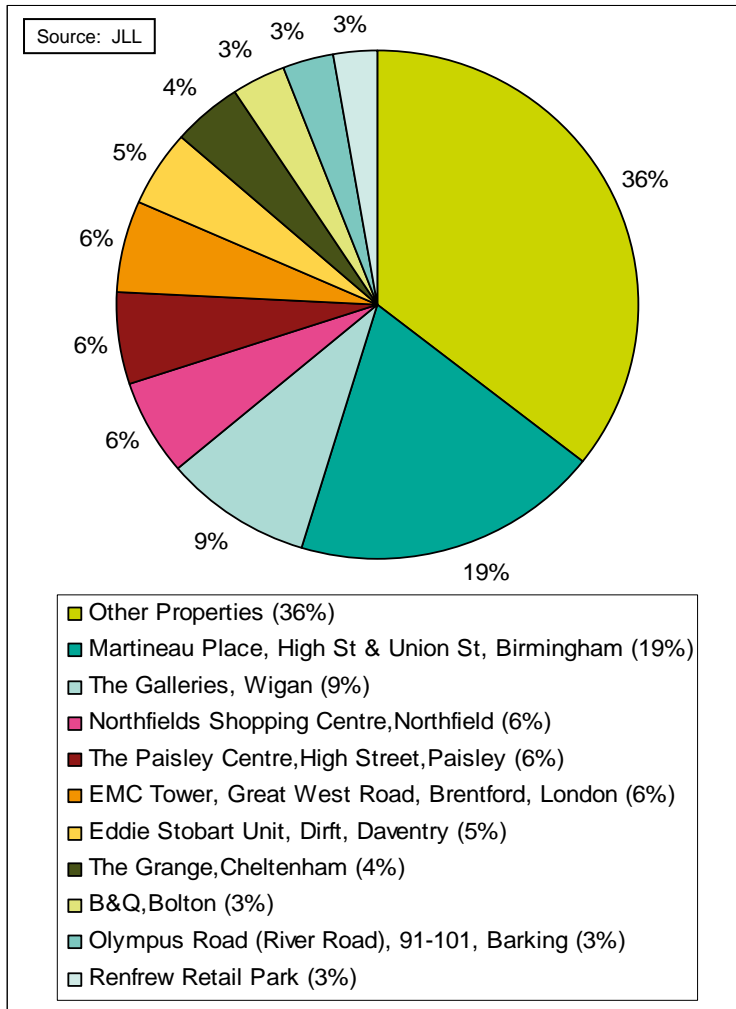


Assuming that all tenant breaks are exercised and no leases are renewed upon expiry, 52% of the portfolio income is due to expire prior to the Senior Loan maturity in 2016. Pro-active asset management is required to mitigate this risk.

Portfolio Summary

Top Ten Properties by Capital Value

The portfolio has 64.11% of its value in the ten largest assets. Although this is a significant exposure, a majority of the properties are large shopping centres with strong tenant diversification.



Portfolio Summary

Top 15 Tenant Covenant Exposures

	% of Passing Rent	Location of Tenant
EMC Europe Limited	5.86%	EMC Tower Brentford
Zurich	4.60%	The Grange, Cheltenham
Eddie Stobart	4.90%	Eddie Stobart Unit, Dirft, Daventry
London City Bond	4.01%	Olympus Road, Barking
Total Fitness UK Limited	3.53%	Macon Way, Crew e/West Strand Preston/Stansty Road, Wrexham
Paymaster (1836) Ltd	2.43%	Sutherland House, Crawley
B&Q	3.15%	B+Q Bolton
Boots	3.05%	The Marlowes, Hemel Hempstead/ Paisley Centre/Martineau Place
KPMG	3.04%	Farringdon Street
AON Consulting Ltd	2.30%	Briarcliff House, Farnborough
Regus (UK) Ltd	2.23%	Regus House, Uxbridge
BAE Systems Plc	1.87%	2420 The Quadrant Bristol/ Helios Court, Hatfield
Marylebone Warwick Balfour Group	1.35%	Gloucester Building, Kensington
GPS (Great Britain) Limited	1.88%	Martineau Place
The Outdoor Group Ltd	1.41%	Martineau Place
Total	45.59%	

Source: JLL

Schedule 3

Income, Non-Recoverables and Capital Expenditure Assumptions

Operating Assumptions

Income Analysis

The rental cashflows have been reviewed and collated by JLL on an individual property basis, and therefore have bespoke assumptions with regards to lease breaks, lease expiries, relet periods and tenant defaults. These are based on the fundamentals of each individual property and the prevailing market conditions. JLL's projected income and expenditure is based on JLL's expertise and market knowledge together with inspections of each of the Properties performed by JLL (or on its behalf) taking into account information provided by the Borrowers, where possible.

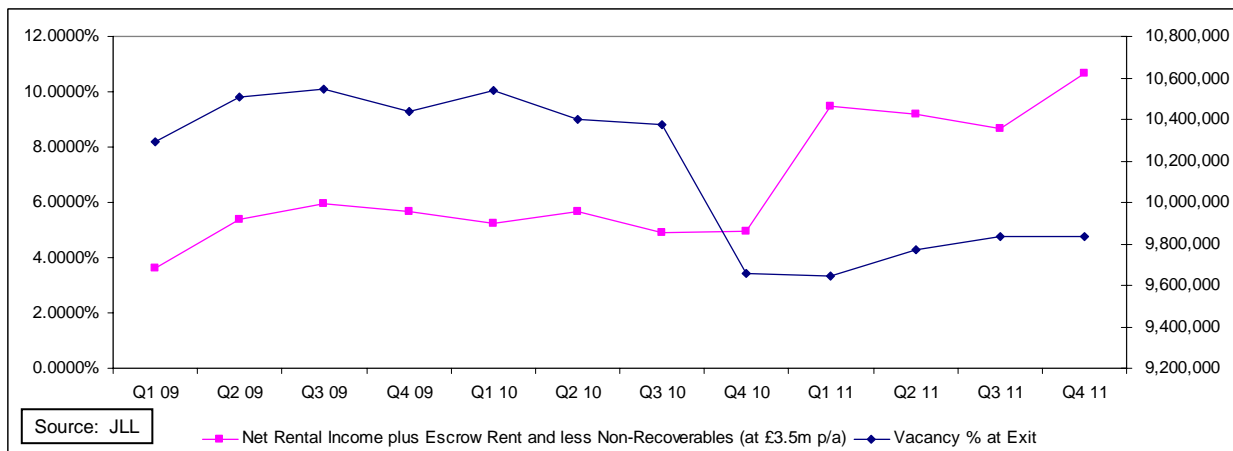
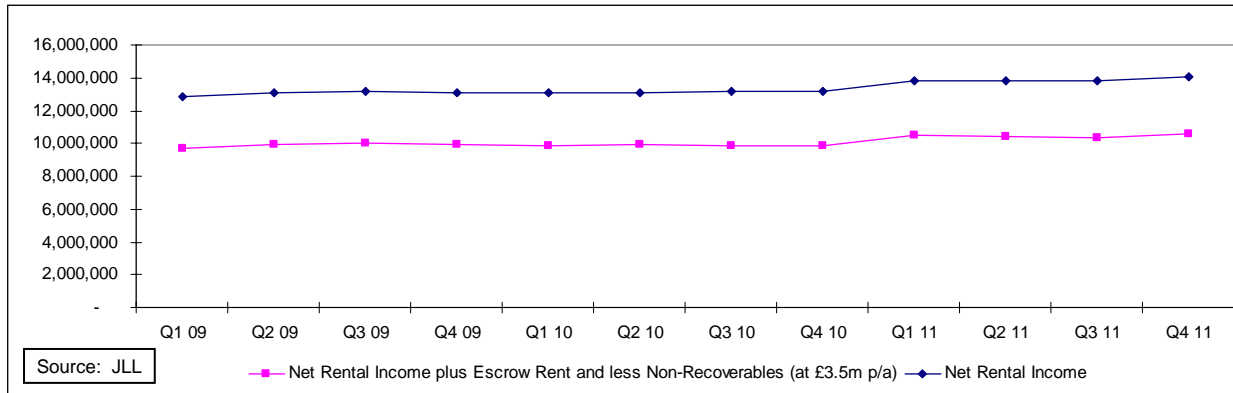
For the purposes of this presentation, rental cashflow and expenditure has been divided into five categories:

- Net Rental Income (being (gross) Rental Income under the leases for the Properties, less the Tenant Contributions deducted by the Managing Agent);
- Escrow Rent (being the supplemental payments described more fully at page 41);
- Non-recoverable costs (i.e. ongoing costs relating to the Properties that are not met from Tenant Contributions). It has been assumed, based on information provided by Propinvest, that for the purposes of the base case non-recoverable costs will run at a constant rate of approximately £3.5m per annum (this number coincides with the higher end of JLL's estimated range). This is a present estimate and the actual figure may vary;
- Contractual capital expenditure (capital improvements to the Properties that the Borrowers are contractually committed to incur); and
- Discretionary capital expenditure (capital improvements to the Properties that are not contractually committed, but that JLL have advised would be prudently incurred to preserve portfolio value). The base case income projections assume this discretionary capital expenditure is incurred.

Unless stated otherwise, this document uses these definitions and assumptions.

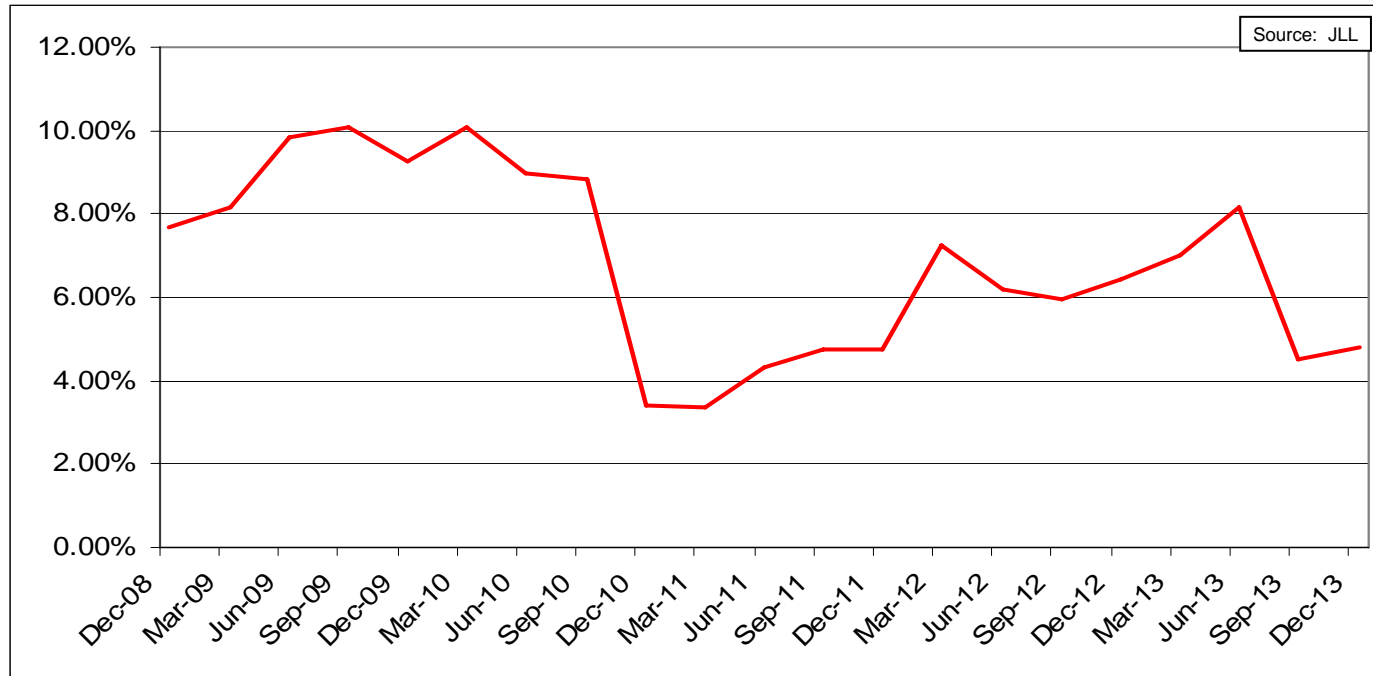
Operating Assumptions

Income Analysis



Operating Assumptions

Portfolio Vacancy Rates



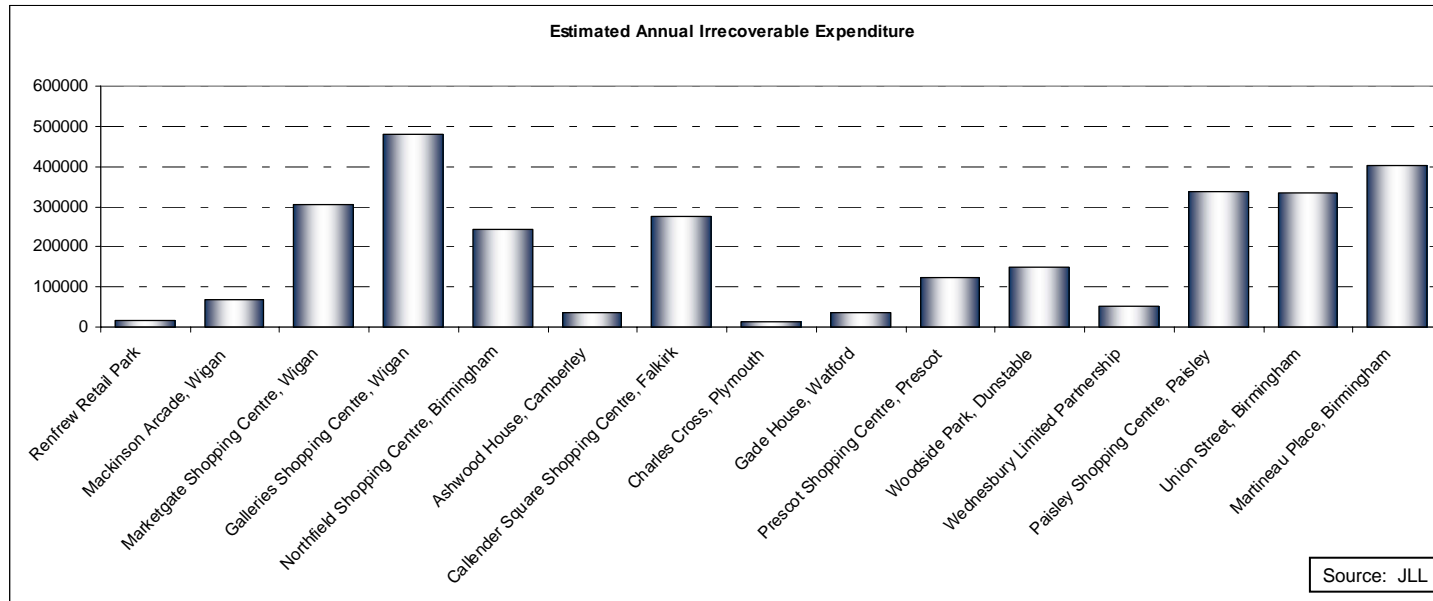
On the initial drawing of the Senior Loan, £19,793,413 was deposited into the Escrow Rental Account to cover fixed rental uplifts, market rent reviews and vacancies in respect of the portfolio at that date for a prescribed period of at least 18 months to supplement the Rental Income which would otherwise be generated in respect of the vacancies of certain Properties at that date (the "Escrow Rent").

The Escrow Rent is now near to being fully utilised. However, vacancies across the portfolio are higher than they were originally projected to be at this time. This is putting additional strain on the transaction cashflows and causing the level of non-recoverables to be higher than expected.

This forecast suggests non-recoverable costs will vary over the next three years. However, for simplicity, the cashflow forecasts in this document have assumed constant non-recoverables at the rate of £5.5m per annum based on information provided by Propinvest (which coincides with the higher end of JLL's estimated range). This is a present estimate and the actual figures may vary.

Operating Assumptions

Non-Recoverables



This chart shows the non-recoverable costs by property based on information provided to JLL by the Borrowers.

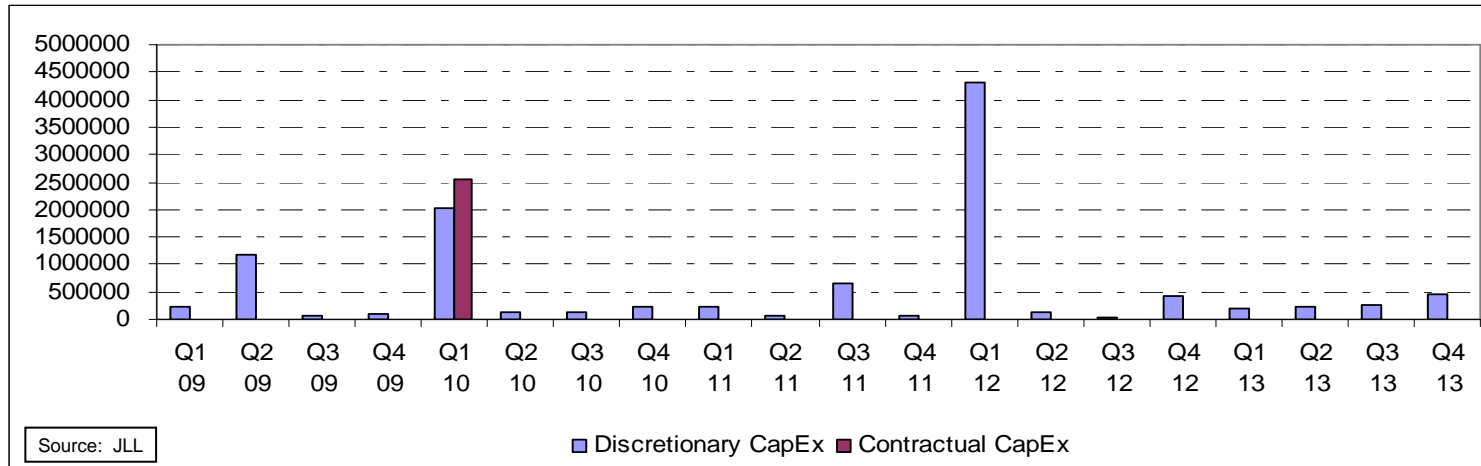
To date, the Borrowers have funded any non-recoverable expenditure (such as non-recoverable service charges and empty rates on void units) from surplus quarterly rental cashflows paid to the Borrowers under the Payment Waterfall in the Finance Documents (after lender payments). The rental cashflow is supplemented by the Escrow Rent (which is expiring), a portion of which was intended to meet certain non-recoverables on Properties which had vacancies when the Senior Loan was made.

The Borrowers are no longer meeting those non-recoverable costs, as defaults under the Credit Arrangements mean there is no longer any surplus being paid to the Borrowers.

As noted on the previous pages, it has been assumed, for the purposes of the base case, that non-recoverable costs will run at approximately £3.5m per annum (£875,000 per quarter) for the next three years.

Operating Assumptions

Capital Expenditure Analysis



Over the remainder of the Senior Loan, JLL have only identified one contractually committed capital expenditure payment: £2,545,152 on 30 March 2010, in respect of the Barking property.

JLL has provided an estimated discretionary capital expenditure forecast for the next four years on the basis of an "asset survival strategy". Transaction cashflows do not presently support a more generous capital expenditure budget.

Given present market uncertainties, JLL's asset survival strategy capital expenditure forecast is an estimate, mainly based upon the profile of lease expiries and existing voids in the portfolio. Capital expenditure on this basis is focussed on the capital expenditure required in order to relet.

The capital expenditure spikes shown on the graph above coincide with estimated office refurbishment costs at Farringdon and the Barking contractual capital contribution.

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