

**July 2006
Preliminary Information**

Subject to Completion and Amendment

This Preliminary Information outlines certain characteristics of a proposed collateralized debt obligation transaction ("CDO"). This material is presented solely for purposes of discussion, to determine preliminary interest in investing in a transaction with the general characteristics described. This transaction is in a structuring phase and there may be material changes to the structure and collateral prior to the securities being offered (such securities, the "Offered Securities").

Please review the "Important Notices" in the marketing book.

THE OFFERING: \$[998.7] MM Collateralized Debt Obligation ("Kleros RE II") Notes and Preferred Shares issued by Kleros Real Estate CDO II ⁽¹⁾	 <p>Kleros Real Estate CDO II Strategos CAPITAL MANAGEMENT, LLC</p>	COLLATERAL ADVISOR: STRATEGOS CAPITAL MANAGEMENT, LLC
--	--	---

	CLASS A1A NOTES ⁽¹⁾⁽²⁾	CLASS A1B NOTES ⁽¹⁾⁽²⁾	CLASS A2 NOTES ⁽¹⁾⁽²⁾	CLASS B NOTES ⁽¹⁾⁽²⁾	CLASS C NOTES ⁽¹⁾⁽²⁾	CLASS D NOTES ⁽¹⁾⁽²⁾	CLASS E NOTES ⁽¹⁾⁽²⁾	PREFERRED SHARES ⁽¹⁾⁽²⁾
Principal	\$[775,000,000]	\$[125,000,000]	\$[23,000,000]	\$[18,700,000]	\$[27,000,000]	\$[11,000,000]	\$[15,000,000]	\$[4,000,000]
% of Liabilities	[77.6]%	[12.5]%	[2.3]%	[1.9]%	[2.7]%	[1.1]%	[1.5]%	[0.4]%
Coupon	1m L + [0.22]%	1m L + [0.22]%	1m L + [0.40]%	1m L + [0.50]%	1m L + [0.65]%	1m L + [3.00]%	Fixed [1.00]%	Residual
Expected Rating	[Aaa/AAA] ⁽⁴⁾	[Aaa/AAA] ⁽⁴⁾	[Aaa/AAA] ⁽⁴⁾	[Aa2/AA] ⁽⁴⁾	[Aa3/AA-] ⁽⁴⁾	[Baa2/BBB] ⁽⁴⁾	[Ba2/BB] ⁽⁴⁾	Not Rated
Rating Agency	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	[Moody's/S&P]	N/A
Average Life ⁽³⁾	[4.9]	[5.9]	[5.9]	[5.9]	[5.9]	[5.9]	[5.9]	N/A
Stated Maturity	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]	[2046]
Denomination	\$[250,000] min \$[1,000] incr	\$[250,000] min \$[1,000] incr	\$[250,000] min \$[1,000] incr	\$[250,000] min \$[1,000] incr	\$[250,000] min \$[1,000] incr	Securities Retained by Sunset Loan Holding Trust	Securities Retained by Sunset Loan Holding Trust	Securities Retained by Sunset Loan Holding Trust

- (1) The transaction is in a structuring phase, the actual characteristics of the offered securities may differ from those presented herein. Definitions and other terms will be fully described in the Offering Circular. Please see "Transaction Highlights - Structuring Assumptions" for a description of modeling assumptions.
 (2) Payments on the Notes and Preferred Shares will be made monthly.
 (3) Based on an [8] year auction call. See "Transaction Highlights" in the Confidential Discussion Material for a description on modeling assumptions.
 (4) A credit rating is not a recommendation to buy, hold or sell securities and is subject to revision at any time. Please see "Risk Factors - Credit Ratings."

For further important information, please see "Kleros Real Estate CDO II Portfolio - Transaction Highlights" in the marketing book.

STRUCTURE

Issuer:	Kleros Real Estate CDO II
Collateral Advisor:	Strategos Capital Management, LLC
Closing Date:	[August 2006]
Coupon Payment Dates:	[Monthly]
Ramp Up Period:	At least [85]% of the portfolio has been purchased or identified by closing; [1] month ramp up period
Non Call Period:	[3] years
OC Test Cures:	In the event that a Class A/B/C Overcollateralization Test is breached in the interest waterfall, interest will be used first to pay down the Class A-1 Notes, then the Class A-2 Notes, then the Class B Notes and finally the Class C Notes. In the event that a Class A/B/C Overcollateralization Test is breached in the principal waterfall, principal will be used to pay down the most senior outstanding Class of Notes. In the event that D Overcollateralization test is breached in the interest waterfall, interest will be used to pay the class D Notes only.
Reinvestment Period:	[3] years
Auction Call:	[8] years - Class D Notes, Class E Notes and Preference Share IRR for successful auction call: [7]% in years [8-9]; [4]% in years [10-11]; and [2]% thereafter
Deleveraging Structure:	Principal amortization will be used to pay down the Notes on a pro rata basis until either [50%] of the collateral has amortized or the Sequential Pay Ratio is triggered, or if any overcollateralization test is not satisfied. If pro rata paydowns have been stopped due to non-compliance with an overcollateralization test, pro rata paydowns may commence when compliance with such overcollateralization test has been restored. In the event that either [50%] of the collateral has amortized or the Sequential Pay Ratio is breached, the deal will permanently pay down the Notes in Sequential order.

COLLATERAL ASSUMPTIONS	Portfolio Target	COLLATERAL ASSUMPTIONS	Portfolio Target
Minimum Weighted Average Coupon ⁽⁷⁾	[5.85%]	Maximum Weighted Average Life	[7] Years
Minimum Weighted Average Floating Spread	[0.51]%	Maximum Single Issuer Concentration	[1.0] ⁽²⁾
Minimum/Maximum % Fixed	[20/25] ⁽³⁾	Maximum Single Servicer Concentration	[7.5] ⁽³⁾
Maximum Weighted Average Rating	[95 (A1/A2)] ⁽¹⁾	Maximum Correlation	[0.25] ⁽¹⁾

For further important information, please see "Kleros Real Estate CDO II Portfolio - Transaction Highlights" in the marketing book.

COVERAGE TESTS	Test Level ⁽³⁾	Initial ⁽⁴⁾	MANAGEMENT FEE STRUCTURE
Sequential Pay Ratio	[106.84]%	[108.34]%	Management Fee ⁽⁶⁾ : [3.0] bps per annum
Class A/B/C Overcollateralization Test	[102.23]%	[103.23]%	Closing Fees ⁽⁵⁾ : ****
Class D Overcollateralization Test	[101.07]%	[102.07]%	

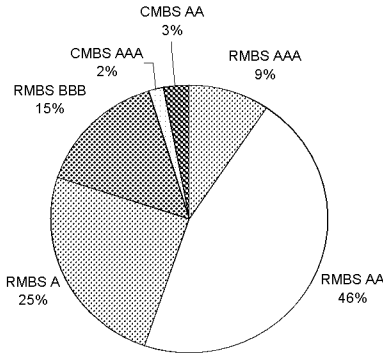
- (1) Moody's Weighted Average Rating Factor and maximum Asset Correlation are included as structuring assumptions. However it is expected that the actual Moody's Weighted Average Rating Factor test and Asset Correlation test will be established at different combinations of values which may be satisfied together for both tests to be passed.
 (2) With a limited number of exceptions.
 (3) Test Level represents the levels that must be passed in order not to cause accelerated redemption of the Notes.
 (4) Initial represents expected characteristics of target portfolio.
 (5) On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, upfront fees to the Collateral Manager, structuring and placement agency fees payable to Merrill Lynch and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase Collateral and, therefore, the return to purchasers of the Offered Securities. Rating agencies will consider the amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Offered Securities. For information about the amount of such fees and expenses, please review the final Offering Circular before investing.
 (6) This fee will only be paid if neither Strategos nor any of its affiliates is the Collateral Advisor.
 (7) The Minimum Weighted Average Coupon for reinvested collateral is [5.25%].

For further important information, please see "Kleros Real Estate CDO II Portfolio - Transaction Highlights" in the marketing book.

For Further Information, Please Contact:		
Global Structured Products	CDO Marketing/Global Structured Products	ABS Trading and Syndicate
Hann De Silva (212) 449-9358	Institution Clients	Trading
Yan Mangano (212) 449-9398	US: Doug Hallett (212) 449-8180	Global Private Clients
Cecilia Fan (212) 449-9887	Canada: Barry Dennis (212) 449-0394	Chief Counsel (212) 449-8583
Erin Morgan (212) 449-9833	Europe: Bill Berry 44-20-7995-4678	Institutional Advisory Division
Andrew Frank (212) 449-8231	Asia: Iaro Masuyama 81-3-3213-7473	Mike Fogga (212) 449-8190
Alan Wan (212) 449-9822		Syndicate
		Andrew Phelps (212) 449-3650
		Mike Dwyer (212) 449-3650



REPRESENTATIVE PORTFOLK



NOTE: This is an indicative portfolio. All information shown on this page is for illustrative purposes only. The actual structure of the final transaction, including the composition of the collateral to be acquired, will be determined at or around the time of pricing of the Notes based upon market conditions and other factors applicable at that time.

Please see "Keros RE II Portfolio - Portfolio Composition for Illustrative Purposes" in the marketing book for further information on the representative portfolio.

About Strategos CDO Management ⁽¹⁾

- **Strategos Capital Management, LLC**, a Delaware limited liability company 100% owned by Cohen Brothers, LLC ("Cohen" or "Cohen Bros.") and its principals, will serve as Collateral Advisor for Keros Real Estate CDO II
- Cohen Bros. has grown to become one of the leading research houses and investment banks dedicated to the small and medium size financial services market. The firm currently employs over 70 professionals, with offices in Philadelphia, New York and Paris
- Cohen Bros. draws on the many years of success of its employees and principals in the financial services and real estate sectors to provide specialized research and investment opportunities to institutions and sophisticated individuals
- The award winning research analysts and credit underwriters at Cohen Bros. are experienced in the bank, insurance, real estate and specialty finance industries from both an evaluation and management perspective
- Cohen Bros. was ranked the #1 CDO asset manager from 2004-2005 with over \$9.9 billion in securities originated ⁽²⁾
- Strategos currently has \$3.6 billion in ABS CDOs under management and has been the advisor on approximately \$4.8 billion of whole loan mortgage acquisitions and securitizations ⁽³⁾.

(1) There can be no assurance that the professionals currently employed by Petra or any of its affiliates will continue to be employed by Petra or any of its affiliates or that the past performance or success of any such professional serves an indicator of such professional's future performance or success.
 (2) Asset-Backed Alert (December 30, 2005) www.ABAlert.com, ranked by amount of securities originated.
 (3) Cohen Bros. currently has a servicing agreement with Taberna Realty Finance Trust.

Please see "About the Collateral Manager - Introduction to Strategos CDO Management" in the marketing book for further information on the Collateral Manager.

Break in Yield and 0% Yield Default Rates ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾

BREAKEVEN DEFAULT RATES	Based on a Break in Yield		Based on 0% Yield	
	Annual Default Rate	Cumulative Gross Defaults	Annual Default Rate	Cumulative Gross Defaults
Class A1A First Priority Floating Rate Notes (Aaa/AAA)	[19.2]%	[59.9]%	[72.3]%	[93.5]%
Class A1B Second Priority Floating Rate Notes (Aaa/AAA)	[3.7]%	[25.7]%	[13.4]%	[48.3]%
Class A2 Third Priority Floating Rate Notes (Aaa/AAA)	[4.5]%	[21.1]%	[7.0]%	[30.3]%
Class B Fourth Priority Floating Rate Notes (Aa2/AA)	[3.7]%	[17.8]%	[6.2]%	[27.5]%
Class C Fifth Priority Floating Rate Notes (Aa3/AA-)	[2.1]%	[11.1]%	[5.5]%	[24.9]%

(1) "Break in yield" is the default rate at which the first dollar loss in promised coupon or principal occurs, and "0% Yield" is the default rate at which total cashflow received does not equal initial investment. Please see Appendix A for a description of Collateral Cashflow Formulas.
 (2) Assuming annual constant defaults beginning immediately, [75%] recovery rate, forward LIBOR. Please see "Transaction Details - Structuring Assumptions" for a description of modeling assumptions. Assumes an initial weighted average spread of [0.51]%, for original and reinvested collateral and initial weighted average coupon of [5.85]%, for original and reinvested collateral.
 (3) All the information shown on this page is for illustrative purposes only. The transaction is at a structuring phase, and the actual structure of the transaction and characteristics of the offered securities may differ from those presented herein.
 (4) Defaults are stated as constant immediate annual rates and are applied on the outstanding collateral balance at the beginning of each quarterly Distribution Date. Defaulted assets are assumed to be sold immediately at a price equal to the applicable recovery rate.
 (5) Future market and economic conditions are impossible to predict. Future market or historical economic conditions that materially differ from those on which the assumptions are based may have a negative impact on the performance of Keros RE II. For these reasons, there are limitations on the value of this or any hypothetical illustration. This information is not intended to be either an express or implied guaranty of investment performance. See "Important Notice" at the beginning of the Material.

Please see "Transaction Highlights - Structuring Assumptions" in the marketing book for further information on Break in Yield and 0% Yield Default Rates.

This term sheet may only be distributed along with the Confidential Discussion Materials to pre-qualified Merrill Lynch clients who are Qualified Purchasers within the meaning of Investment Company Act of 1940.

Please review "Section 4 - Risk Factors" and "Section 6 - Tax Considerations." In addition, risks of investing in the Offered Securities will be described more fully in the preliminary and final offering circulars to be provided in connection with the offering of the Offered Securities.

Non-U.S. holders of preferred shares in a CDO including the ones being offered are likely to be treated as owning an interest in a "passive foreign investment company" and possibly also a "controlled foreign corporation". U.S. investors in CDO securities will need to consult their personal tax advisors and consider filing certain tax disclosure forms in order to avoid the potential imposition of penalties associated with an undisclosed investment in a foreign entity. Investors should direct their attention to the Tax Considerations section of the Confidential Discussion Material.